

Compass

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Power boat skippers don't frighten easily.

Yet they're scared stiff of gasoline seepage. "It's dynamite," they tell you, "-half a cupful can blow your boat to 'Kingdom Come'."

So they put boat builders right on the spot when it comes to gas tanks.

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But boat builders filled it. Filled it with a metal that satisfies their demands...and the strict requirements of the Yacht Safety Bureau. Filled it with a metal that qualifies in every respect for gas tanks, among stock boat builders.

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Now is the time for us to get together with you or your engineers while our staff of metal specialists can carry out whatever research is needed to solve it. You can mail the outline of your problem direct to them for study by addressing it to "Forward Planners," at International Nickel, 67 Wall Street, New York 5, N. Y.

Then the answer can be ready at your hand when these critical times are over and Inco Nickel Alloys are available in any quantity for any use again.

THE INTERNATIONAL NICKEL COMPANY, INC.









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- The consistent performance of Sperry Radar in meeting the hazards of every sailing situation reflects the company's 40 years' experience in developing, manufacturing and servicing precision equipment for the marine field. Every equipment is backed by Sperry's extensive service department.









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# Heard in HEASHINGTON WASHINGTON

Communications reaching members of Congress and executive officials from all sections of the country indicate that business men are principally concerned with these matters: What are consumers likely to do about buying? What will labor do about wages? What will be the trend of prices and what is the probability of war or peace?

Most officials dealing with those questions believe that, while consumers are no longer apprehensive about shortages, the volume of their purchases will continue high.

Labor is not in a position to make a strong case for wage increases. The cost of living has not been going up. Corporate profits are considerably lower than a year ago. Profits available for plowing back are inadequate. Undistributed profits are at a very low level. Profits have to be related to increased capitalization and to the growth in demand for products. It seems probable that big strikes will be avoided, but at a considerable cost to consumers.

The expectation is that prices will tend upward gently for several months. No immediate danger of violent inflation is seen, but there is no probability of adequate credit or fiscal action to prevent a further rise in prices.

As to the possibility of war or peace, business will be kept wondering for some time to come, but indications are that actual shooting will cease before long. The western world continues to accumulate strength. The pooling of coal and steel, under the Schuman plan, is laying the foundation for increased European co-operation. This must precede any political co-operation. The greatest cause of discord in central Europe probably would thus be removed.

The United States is approaching a fundamental test of its economic institutions. The test will not come all at once or in any one year. It may last a decade, but a clear understanding of the nature of the test will help business leaders to formulate their own policies as well as to help them decide on the nature of the public policies they may wish to support.

Public expenditures are on a scale that absorbs not less than 40 per cent of the gross national product. Taxation

is approaching the point where the old incentive for enterprise and saving cease to be effective. Meeting the extra costs by borrowing cannot be accomplished except over a short period of war-created enthusiasm without feeding inflation. In the long run, inflation is not compatible with free institutions and equitable distribution of income.

These are broad general principles, but they must be used as guiding stars to prevent absorption in details and entanglement with short-run self interest.

Economists in Washington do not take very seriously the modern gold standard proposed by Harold Stassen. The gold standard itself would place no restriction on public spending. There were catastrophic inflations and deflations when the gold standard was in effect. Mr. Stassen says his plan, as yet unsatisfactorily defined, would help bring about tax reduction and income increase. That reasoning is hard to follow.

It has been the privilege of this writer to introduce Princess Elizabeth and Prime Minister Churchill at gatherings of the press in connection with their recent visits to this country. Those visits were important to business because they promoted understanding with our most important ally and with a nation which plays such an important rôle in world trade and finance.

Some think it fantastic to make so much fuss over a young girl, who by accident of birth occupies a high place, particularly when the place carries with it little in the way of authority, but the world is not run on a logical basis. The royal family contributes greatly to the prestige of Britain. It is universally regarded as a fine feature of Anglo-Saxon tradition. The prestige of the Union lack also is enhanced by Prime Minister Churchill who generally manages to say things better than any one else. British prestige will be an important factor in the restoration of world stability.

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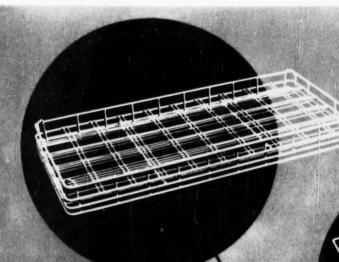
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FEBRUARY - 1952



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USP baskets are available in a broad range of sizes, types and material, with protective finish as desired. They are already helping to speed production on countless washing, dipping, degreasing, handling, storing and shipping operations in the nation's leading defense plants.

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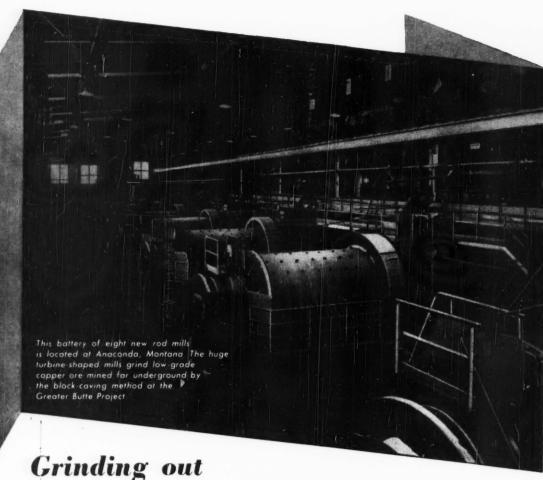
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ALBION, MICHIGAN

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The Greater Butte Project was undertaken in 1948 to supplement Anaconda's regular output from high-grade ore. When in full production, this \$27 million project will add 90,000,000 pounds a year to America's copper supply. This wealth of copper is all in addition to Anaconda's present output!

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America needs more and more of man's most versatile metal. Industry's demand for copper keeps growing as the mobilization program speeds up. Because copper-and only copper -does so many defense jobs so well, increased output is essential to preparedness.

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The American Brass Company Anaconda Wire & Cable Company International Smelting and Refining Company Andes Copper Mining Company Chile Copper Company Greene Cananea Copper Company

52319A

# Compass Points\_\_\_\_ OF BUSINESS

## Past Performance, Future Prospects

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Prospects for 1952

While it was generally agreed that the United States would continue to spend a tremendous amount of money to rearm itself and its allies, regardless of the outcome in Korea, there was some uncertainty over the ultimate effects of this spending on business. Some observers feared that inflation might become a much greater menace to business stability. Others, still smarting from the reluctance of

lion fellow Americans, most of them with plenty of ready cash for buying the things they wanted. The Compass Points 1 and 2 on page 12 are recent figures for the human and business population; spending power is reflected in the Compass Points 13, 14, and 15.

By the end of 1951, the average business man was pretty well out of his inventory predicament and looking

tale, he was anything but "alone, alone, all all alone." He, very fortunately, was surrounded by about 155 mil-

Akin to the Ancient Mariner, the average business man, sometimes found himself rather at sea in 1951 with what resembled a lifeless albatross in the form of overstocked inventories. But unlike the hero of Coleridge's

By the end of 1951, the average business man was pretty well out of his inventory predicament and looking ahead for signs of smooth sailing in 1952. The signs were there, although an occasional cloud of uncertainty might hang over them. consumers to buy in 1951, felt that deflationary tendencies might show up even before the peak in defense production should be attained.

#### The Defense Build-up

Defense spending is scheduled to reach an annual rate between \$60 and \$65 billion by the end of the first half of 1952, or nearly twice that in the first half of 1951. Deliveries of armaments currently amount to about \$2 billion a month, three times the rate at the end of 1950. Orders for armaments are placed at the rate of about \$1 billion a week and no decline in placements is expected in the first half of 1952. Whereas the Armed Forces were taking 8 per cent of all the goods and services produced in the United States at the end of 1950, the proportion approached 15 per cent at the end of 1951 and is expected to reach 20 per cent by the end of 1952. In comparison, the peak of World War II procurement, reached in 1944, took 45 per cent of total production.

#### Plow-shares to Swords

The changeover from civilian to military production, where it was considered necessary, will have been largely completed by the end of the first quarter of 1952. Defense goods will be flowing out of the factories at an increasingly rapid rate, while the basic materials used in making them, of course, must flow in at a corresponding pace. But what, in maintaining this pace, might happen to non-defense industries unable to get enough materials to keep producing?

Failures among the businesses considered "less essential" may increase unless plentiful substitute materials, or some alternative activity can be devised. It is interesting, however, that business failures in 1951 were 15 per cent fewer than in 1950 (Compass Point 38) in spite of the

increased tensions from heavy inventories, higher taxes, higher operating costs, and violent fluctuations in some prices.

#### The Dip in Consumer Durables

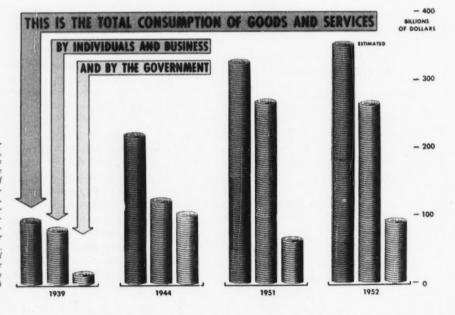
It was planned that the over-all use of metals for consumer durable goods in 1952 might run at about 40 per cent of the 1951 level. But this may be less restricting to consumers who want a new car, refrigerator, or television set than one might think at first glance. It is expected that at least 3 million new passenger cars will roll off the assembly lines. While this is about 32 per cent less than in 1951, it is close to the average level in the years 1946-1948.

There will be about 4.4 million new television sets produced, 10.9 million radios, 3.1 million refrigerators, and 2 million washing machines-an average reduction of 24 per cent from 1951, yet close to the 1947-1949 output levels. Added to the goods that dealers already have in stock, it looks as though potential buyers may have little difficulty in getting the things they want in 1952. And consumers generally are rather well supplied with household appliances, having stocked their homes in the big buying waves in 1950 and 1951.

#### Bigger and Better Factories

The stepped-up production in the defense industries, coupled with the expected peak, or near-peak level of spending by business for new plant and equipment in 1952 should result in a substantial increase in the output of goods.

American business enlarged its facilities to the tune of about \$25 billion in 1951, a new record, 34 per cent above the 1950 level and about 29 per cent above the previous peak in 1949 (Compass Point 19). The Government encouraged much expansion by allowing the defense and allied industries to write off the cost of new plant in 5



That the Government's share of the nation's production will continue to rise, in view of the defense commitments, is well-known; perhaps 25 per cent of the total output of goods and services will be used by the Government in 1952, compaerd with about 19 per cent in 1951. The restrictions on business' use of materials for non-defense purposes are decreed. Much now depends on the willingness of the average individual either to save a large portion of his earnings, or to buy goods and services unrelated to the defense program until such time as the nation's productive capacity has been expanded to the point where both "guns and butter" are possible.

years instead of the usual 20, thereby increasing the tax deductions. Preliminary reports estimated that plant and equipment expenditures in the first quarter of 1952 might amount to \$5.7 billion, or 18 per cent more than in the first quarter of 1951.

There seemed to be no limit to the possibilities for expanding over-all American output. The investment in new factories, equipment, and research in past years resulted not only in new production records, but in new products, and new ways of living. Industrial output in 1951 in physical volume (without the affect of price changes) was about 120 per cent above the average level prevailing in the pre-war years 1935-1939, according to the Federal Reserve Board's Production Index (Compass Point 16). This output was exceeded only in the peak World War II production years 1943 and 1944.

#### The Steel Bonanza

Just how scarce certain materials might become was sometimes a matter of conflicting opinion. The three metals most emphasized in the allocation program were steel, copper, and aluminum. While there appeared to be little hope of an appreciable increase in the supply of copper within the next year or two, substantial progress was made in 1951 in increasing the output of aluminum and steel.

Steel producers were particularly vocal in protesting the system of allocation of this important metal. Other outstanding leaders in the steel industry often agreed with E. G. Grace, Board Chairman of the Bethlehem Steel Corporation, when he said that the steel industry was in some danger of over-expansion. Some steel fabricators claimed that Government restrictions on the use of steel were rather unrealistic; that some mills might have to reduce their operations in 1952 if more orders were not forthcoming. While orders for structural and stainless steel usually exceeded output, other types of steel were somewhat easier to get.

The expansion of the steel industry in 1951 was indeed impressive. Operating at an average rate of 101 per cent of theoretical capacity, the industry turned out a record 105 million tons of steel, almost 9 per cent more than in 1950. It was expected that output might rise an additional 3 per cent in 1952 if some 36 to 40 million tons of needed scrap could be procured.

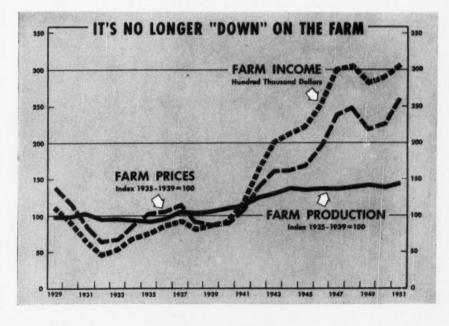
#### Humming Wires, Oil, and Tires

For the fifth successive year, the use of electric power in 1951 was at a record level (Compass Point 17). Almost 2 million new customers were added and electricity was now available to 95 per cent of the farm homes. The electric utilities spent almost \$2.3 billion for new generating plants during the year. Scheduled at \$2.8 billion for 1952, the expansion program will be curtailed only by possible shortages of critical materials.

The production of paper, chemicals, and synthetic rubber in 1951 was unusually high. A new record was also set in the oil industry. The consumption of petroleum products averaged slightly over 7 million barrels a day in 1951, 9 per cent more than in 1950. Expansion of the oil industry cost about \$2.5 billion in 1951. It was expected that about \$2 billion might be spent for new facilities in 1952.

#### Trends in Non-durables

While the possibilities for extraordinarily high production existed in other industries such as textiles, carpets, shoes, and some kinds of clothing, an apparent decline in interest in these goods on the part of the consumer and the (Continued on page 14)



Farm work, once drudgery, has be come vastly easier. The farmer's mod-ern helpers, machines, electricity, and chemicals, help him to get more out of an acre with less work than was possible even ten short years ago. Whether because the need for farm laborers has declined or whether more attractive city jobs have lured them away, farm employment has decreased almost steadily since 1929. The combination of increased production and rising prices boosted the farmer's income very substantially. If the farmers can respond to the Department of Agriculture's request, agricultural output in 1952 will rise to a new record level, out 50 per cent above pre-war.

## 39 COMPASS POINTS OF BUSINESS

	OFF	EMPLOYMENT—						PR	10	
	POPULA- TION	NSUS———————————————————————————————————	3 EMPLOYMENT Civilian	4 EMPLOY- MENT Agricultural	5 EMPLOY- MENT Nonagricult'i	6 UNEMPLOY- MENT	CONSUMERS' PRICES	RETAIL PRICES	9 WHOLESALE PRICES	INDUSTRIAL STOCK PRICE AVERAGES Dollars
	Millions	Thousands	Millioni	Millions	Millions	Millions	71.8		68.1	81.03
1914	99.1		37.6	11.4	26.2		123.8		138.6	99.78
1919	105.1		42.0	10.5	31.5		143.3		154.4	90.04
1920	106.5		41.3	10.7	30.6				97.6	73.48
1921	108.5	, , ,	37.7+	10.8†	26.9†		127.7	120.0	95.3	311.24
-	121.8	3,097	47.6	10.0	36.3	1.5	122.5	120.9	86.4	236.34
1929	Managed Street Communication C	3,062	45.5	9.9	34.3	4.3	119.4		73.0	138.58
1930	123.1 124.0	2,984	42.4	9.8	31.3	8.0	108.7		64.8	64.57
1931 1932	124.8	2,895	38.9	9.7	28.0	12.1	97.6	00.0	77.1	142.66
	130.9	3,306	45.8	9.3	35.6	9.5	99.4	99.0		134.74
1939	-		47.5	9.5	38.0	8.1	100.2	100.6	78.6	121.82
1940	132.0	3,383	50.4	9.1	41.3	5.6	105.2	108.3	87.3 98.8	107.20
1941	133.2	3,364	53.8	9.3	44.5	2.7	116.5	124.9	103.1	134.81
1942	134.7	3,302 3,045	54.5	9.1	45.4	1.1	123.6	134.0	103.1	143.32
1943	136.5	3,062	54.0	9.0	45.0	.7	125.5	137.5 141.4	105.8	169.82
1944	139.6	3,258	52.8	8.6	44.2	1.0	128.4			191.65
	Accessed to the Control of the Contr		55.2	8.3	46.9	2.3	139.3	155.2	121.1 152.1	177.58
1946	141.2 144.0	3,605 3,879	58.0	8.3	49.8	2.1	159.2	180.1	165.1	179.95
1947 1948	146.6	3,991	59.4	8.0	51.4	2.1	171.2	192.7 187.7	155.0	179.48
1949	149.2	3,965	58.7.	8.0	50.7	3.4	169.1	189.0	161.5	216.31
1950	151.7	3,986	60.0	7.5	52.5	3.1	171.2	207.3	180.5	257.63
1951	154.4		61.0	7.0	54.0	1.9	185.8		182.6	249.09
( *	153.3	4,007	59.4	6.1	53.3	2.3	183.4	204.4	182.7	252.35
III	153.9	4,007	61.0	7.3	53.7	1.8	185.1	206.2	178.3	263.96
1 1111	154.6		62.2	7.7	54.5	1.7	186.0	206.7 210.0	178.2	265.14
IV	155.4		61.4	7.0	54.4	1.7	188.9	210.0	170.0	

					INVENTORIES					
	1	21 FARM	22 EXPORTS	23 IMPORTS	24 RETAIL SALES	25 WHOLESALE SALES	26 MANUFACTURING SALES	27 RETAIL INVENTORIES	WHOLESALE INVENTORIES	MANUFACTURING INVENTORIES Million \$
		RECEIPTS Million dollars	Million	Million	Million \$	Million \$	Million \$	Million \$	Million \$	Million &
1914		6,039	2,114	1,789			50 500		1 1 1	12,906
1919	-	14,570	7,920	3,904	36,549		60,509			13,484
1920	rener	12,606	8,228	5,278	41,364		63,659			10,705†
1921	Acces	8,116	4,485	2,509	32,954+		41,897†	7.200	4,024	12,775
1929	1	11,299	5,241	4,399	48,459	37,814	70,262	7,298	3,497	11,265
1930 1931	)	9,050	3,843 2,424	3,061 2,091	41,989 34,752		57,017 42,951		2,665 2,307	9,105 7,332
1932		4,735	1,611	1,323	25,013	262111	30,774	5,285§	3,075+	11,516§
1939	9 -	8,582 9,056	3,177 4,021	2,318 2,625	42,042 46,375	26,244†	70,313	5,819	3,255 4,073	12,873 17,024
1940	1	11,619	5,147	3,345 2,756	55,274 57,212	36,394 41,109	98,069 125,158	7,371 7,438	3,830	19,348 20,171
1942	3	16,136 20,003	8,079 12,965	3,381 3,929	63,235 70,208	45,966	153,843 165,387	7,065 7,105	3,759 3,969	19,578 18,457
194	1	21,153 22,162	14,259 9,806	4,159	78,304	53,708	154,481	4,481 7,442	4,625 6,606	24,620
194 194 194 194 195 195	16 17 18 19 50	25,326 30,068 30,480 28,197 29,056 30,509	9,738 14,430 12,653 12,052 10,274 14,600	4,942 5,756 7,124 6,623 8,852 11,200	102,488 119,604 130,521§ 130,721 143,547 151,000	71,915 87,263 95,172 86,817 96,782 107,000	151,402 191,010 211,560 196,027 228,833 268,000	13,372 15,192 13,909 17,071 17,400 20,757	7,613 7,982 7,659 9,268 9,900	29,032 31,782 28,766 33,311 41,700 35,970
51	III III IV	6,509 6,459 9,040 8,501	3,334 4,018 3,686 3,850	3,032 2,980 2,492 2,700	36,222 37,267 36,489 41,100	24,826 26,029 29,100	66,366 63,973 70,300	19,718 18,882 17,400	10,005 10,059 9,900	39,085 40,590 41,700

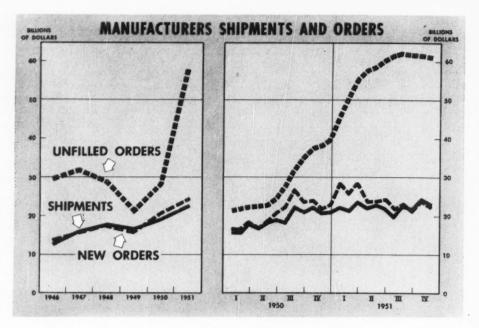
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#### A RECORD OF BUSINESS ACTIVITY

		INCOME-			PRODUCTION——					
HOURLY EARNINGS Indust. Workers Dollars	WEEKLY EARNINGS Indust. Workers Dollars	DISPOSABLE PERSONAL INCOME Billion dollars	DISPOSABLE INCOME Per Capita 1950 dollars	CORPORATE PROFITS AFTER TAXES Billion dollars	INDUSTRIAL PRODUCTION (PHYSICAL) Index	ELECTRIC POWER PRODUCTION Billions &wh	BUILDING PERMITS 120 Cities Million \$	19 EXP'DITURES FOR PLANT & EQUIPMENT Billion dollars	GROSS NATIONAL PRODUCT Billion dollars	
.223	11.01	33.2	799	1.9	61		735		38.5	
.477	22.08	63.5	835	5.7	72		1,181		77.9	
.555	26,30	66.8	749	3.9	75	56.6	1,256		85.0	
.514	22.18	52.8	653	0.0	58	53.1	1,493		68.2	
.566	25.03	82.5	946	8.4	110	116.7	2,490	9.2	103.8	
.552	23.25	73.7	859	2.5	91	114.6	1,408	7.6	90.9	
.515	20.87	63.0	800	-1.3	75	109.4	1,006	4.7	75.9	
.446	17.05	47.8	672	-3.4	58	99.4	336	2.6	58.3	
.633	23.86	70.2	923	5.0	109	161.3	1,029	5.2	91.3	
.661	25.20	75.7	979	6.4	125	179.9	1,104	6.5	101.4	
.729	29.58	92.0	1,125	9.4	162	208.3	1,196	8.2	126.4	
.853	36.65	116.7	1,273	9.4	199	233.1	644	6.1	161.6.	
.961	43.14	132.4	1,344	10.6	239	267.5	419	4.5	194.3	
1.019	46.08	147.0	1,451	10.8	. 235	279.5	709	5.2	213.7	
1.023	44.39	151.1	1,443	8.5	203	271.3	1,028	7.4	215.2	
1.086	43.82	158.9	1,383	13.9	170	269.4	2,089	12.9	211.1	
1.237	49.97	169.5	1,266	18.5	187	307.3	2,470	17.4	233.3	
1.350	54.14	188.4	1,285	20.7	192	336.8	3,111	20.0	259.0	
1.401	54.92	186.4	1,272	17.3	176	344.7	3,131	18.0	257.3	
1.465	59.33	204.3	1,347	22.8	200	387.9	4,466	17.8	282.6	
1.590	64.63	222.8	1,338	18.1	219	434.1	3,654	23.1	326.8	
1.562	64.06	216.8	1,323•	20.7	222*	106.0	977	4.9	319.0	
1.588	64.78	221.8	1,341	18.4	222*	105.3	938	5.9	327.8	
1.602	64.67	224.7	1,347	16.2	216*	108.2	1,005	5.8	327.6	
1.619	65.57	▶ 228.0 •	1,344	17.0●	218*	114.6	734	6.5	333.0	

FEDERAL						FAILURES-				
30 FEDERAL RECEIPTS Million dollars	FEDERAL EXPENDITURES Million dollars	GROSS FEDERAL DEBT Billion dollars	CONSUMER CREDIT Outstanding Billion dollars	LOANS OF COMM'L BANKS Billion dollars	35 CURRENCY OUTSIDE OF BANKS Million \$	36 DEMAND DEPOSITS ADJUSTED Million 3	TURNOVER OF DEMAND DEPOSITS Times	38 BUSINESS FAILURES Number	39 LIABILITIES OF FAILURES Million \$	
735	735	1.2		13.2	1,533	10,082		18,280	357.9	1914
5,152	18,515	25.5		22.4	3,593	17,624	36.1	6,451	113.3	1919
6,695	6,403	24.3		28.1	4,105	19,616	37.3	8,881	295.1	1920
5,625	5,116	24.0		26.1	3,677	17,113	32.2	19,652	627.4	1921
4,033	3,299	16.9	6.3	36.0	3,557	22,809	40.5	22,909	483.3	1929
4,178	3,440	16.2	5.6	32.0	3,605	20,967	33.8	26,355	668.3	1930
3,190	3,652	16.8	4.6	25.2	4,470	17,412	28.6	28,285	736.3	1931
2,006	4,535	19.5	3.5	20.1	4,669	15,728	23.9	31,822	928.3	1932
5,103‡	8,966‡	40.4	7.0	17.2	6,401	29,793	19.4	14,768	182.5	1939
5,265	9,183	43.0	8.2	18.8	7,325	34,945	18.6	13,619	166.7	1940
7,227	13,387	49.0	8.8	21.7	9,615	38,992	19.4	11,848	136.1	1941
12,696	34,187	72.4	5.7	19.2	13,946	48,922	18.4	9,405	100.8	1942
22,202	79,622	136.7	4.6	19.1	18,837	60,803	17.4	3,211	45.3	1943
43,892	95,315	201.0	5.0	21.6	23,505	66,930	17.3	1,222	31.7	1944
44,762	98,703	258.7	5.6	26.1	26,490	75,851	16.1	809	30.2	1945
40,027	60,703	269.4	8.7	31.1	26,730	83,314	16.5	1,129	67.3	1946
40,043	39,289	258.3	11.9	38.1	26,476	87,121	18.0	3,474	204.6	1947
42,211	33,791	252.3	14.4	42.5	26,079	85,520	19.2	5,250	234.6	1948
38,246	40,057	252.8	16.8	43.0	25,415	85,750	18.7	9,246	308.1	1949
37,045	40,167	257.4	20.1	52.2	25,398	92,272	20.3	9,162	248.3	1950
48,142	44,633	255.2	20.4	58.4	26,500	98,200	21.7	8,058	259.4	1951
16,817	11,077	255.0	19.4	54.4	24,400	89,000	22.0	2,106	55.3	1)
12,861	14,493	255.2	19.3	55.0	25,000	89,900	21.9	2,147	63.3	II .
12,374	14,989	257.4	19.4	56.0	25,400	92,000	20.9	1,963	74.1	III
11,435	16,647	259.4	20.4	58.4	26,500	98,200	22.1	1,842	66.7	IV

Quarterly figures that are significant either for their change or their lack of change from previous levels. Fourth quarter figures for most series are based upon preliminary estimates and incomplete data. Sources of the statistical series and additional information concerning the figures appear on pages 16 and 17.



One of the major developments in manufacturing in 1951 was the retooling of industrial plants for producing the goods needed in the mobilization effort. While the production of military goods expanded considerably, orders were received much faster than they could be filled. Toward the end of 1951, however, as the conversion to defense production approached completion, shipments dightly surpassed new orders and backlogs appeared to level off.

resultant accumulation of inventories in the hands of distributors, discouraged manufacturers from peak production. Curtailments in the output of these goods in 1951, along with steady consumption of them, helped to bring the inventories in better balance.

The increased use of synthetic fibers to replace cotton and wool, admittedly a head-ache to producers of the natural fibers in 1951, may help to stabilize the raw materials costs for manufacturers of textiles, apparel, and carpets. Attractively priced, these goods may invite consumers to enlarge their buying in the coming months, particularly if there are fewer household durables on the market.

Some light on the trade picture is shed by the Sales Compass Points 24, 25 and 26. That inventories have thinned out is reflected in Compass Points 27, 28, and 29. It is notable that business spent more than \$6 billion in 1951 for advertising, a new record.

#### Costs, Prices, and Profits

Most business men were looking harder than ever for ways to reduce costs, but usually the prices they had to pay for materials and labor inched up steadily (Compass Points 9 and 11, pages 12 and 13). Price ceilings increased the difficulty in passing the higher costs on to the consumer, although the difficulty was not insurmountable, as a glance at Compass Point 7 will tell.

The tax levies were the real blow to profits. Before taxes, corporate profits in 1951 were the highest in history. Estimated at \$45.4 billion, they exceeded the previous pretax record of \$41.3 billion in 1950. But *after* taxes, corporate profits in 1951 plunged to about \$18.1 billion, 20 per cent below the 1950 level (Compass Point 15).

Retailers were under a particular strain, profit-wise. Net profits of department stores in 1951 averaged about half those of 1950. If consumer price resistance and increased competition persist, retail profits may be further reduced.

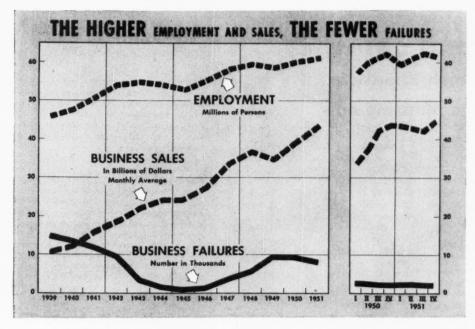
#### Consumer Buying Power

Many retailers were comforted by the unprecedented levels of employment and income. While unemployment was distressingly high in some of the areas where the shift from civilian to defense production was in process, this distress was not discernable in the over-all employment figures (Compass Points 3, 4, and 5). Workers looking for jobs generally found them rather quickly; as employment rose, unemployment dropped off (Compass Point 6). It seemed likely that most of the unemployed would be absorbed by the defense industries, and by revived soft goods industries. And if this were not possible, help might come from Washington in the form of larger materials allotments, or defense contracts, for the more hard-hit producers of civilian goods.

The average factory employee worked at least 40 hours a week in 1951; with hourly pay rates at peak levels, his earnings were usually higher than ever before (Compass Point 12). Even after the payment of much stiffer income taxes, people had more to spend in 1951 than in previous years (Compass Points 13 and 14).

That consumer spending would rise in 1952 seemed likely, although saving would probably continue at a high rate. After their buying spree in the first quarter of 1951, consumers started to tuck a larger proportion of their incomes in the bank. Savings took about 9 per cent of consumers disposable funds in the last 3 quarters of 1951, compared with about 5 per cent in 1950 and 3 per cent in 1949.

The amount of money saved by private individuals in 1951 was higher than at any time since World War II



Or should the title read "The Fewer the Failures, the Higher Employment and Sales?" As in the hen and egg problem, it cannot be decided which really comes first. Certainly the willingness of credit executives to extend loans to business men during the recent inventory crisis was important in averting some failures that might otherwise have occurred. While the employment level may signify consumers with money to spend, not reflected is one of the most important buyers of goods and services, the U. S. Government.

ended. More than \$800 million was added to the deposits in the nation's savings banks in 1951. For the first time in their 135 year history, these banks are approaching a deposit total of \$21 billion. Total savings deposited in the bank and held in insurance and pension reserves, and securities, were worth over \$340 billion, an unprecedented volume.

#### Money and Credit

There was a noticeable increase in the amount of money spent, as well as saved, in 1951. Partly reflecting the high level of buying for the year-end holidays, the amount of money in circulation (Compass Point 35) reached the highest volume in history as 1951 came to a close. At \$29.4 billion in the week ended December 26, 1951, the volume of currency in the hands of individuals and business was \$1.5 billion above the 1950 level, and slightly above the previous peak at the close of 1946.

Money quickly available to individuals and business in the form of checking accounts was also at a record level (Compass Point 36). How fast the money was taken out of these accounts is reflected in the turnover rate (Compass Point 37). At least part of the increase in the volume of these checking accounts probably stemmed from the rise in bank loans to businesses and individuals (Compass Point 34) where in the money borrowed was made available by the bank in the form of a deposit to be withdrawn when needed.

Many consumers, unable or unwilling to pay for their purchases out of their current incomes or savings, borrowed to pay the bills. Total consumer credit outstanding continued to rise (Compass Point 33).

The Treasury, too, was buying goods and services faster than it could pay for them (Compass Points 30 and 31).

The cash deficit at the beginning of 1952 amounted to about \$5 billion. While it was hoped that the higher tax rates and the scheduled speed-up of corporate payments would provide the Government with enough cash at least to balance the budget by the end of June 1952, a deficit of perhaps \$12 billion was thought likely by the end of December 1952. The Federal debt will then have climbed to new and brain-tingling heights (Compass Point 32).

It appeared that financing the Treasury deficits, without inviting further inflation, would be a major financial concern in 1952. It seemed inevitable that the attractiveness of certain types of Government securities would have to be improved. For while about \$2.9 billion of series E bonds were sold in 1951, some \$3.7 billion worth were cashed in.

#### Prospects for 1952

It was considered possible that retail volume in 1952 might rise about 5 per cent above the 1951 level. The dollar, now worth less than 55 cents by pre-war standards, might be further cheapened by inflation in 1952. It was felt, however, that prices, on the average, would not rise more than about 2 per cent above 1951 levels.

Spending for new plant and equipment was expected to run close to the very high 1951 volume, although for the year as a whole it may be down slightly. Housing starts in 1952 may be as high as 850,000 in spite of restrictions; this would be 15 per cent below the 1951 total. Spending for new housing may amount to about \$9.0 billion.

The cost of doing business in 1952 would probably remain high, the tax burden continue to depress profits and purchasing power. More ingenuity will be required from the average business man than ever; but judging by past performance, business should remain high and stable.

#### **WORKING CAPITAL**

#### rates high <u>priority</u> in business planning <u>now</u>

I N an economy such as we have now, a tight cash position is not necessarily a reflection on the "health" of a company. On the contrary, many of America's biggest and many of America's fastest growing concerns have found, now find or will find themselves in this position.

Many companies are "current asset" PROSPEROUS but "ready eash" POOR because it's the composition of working capital rather than its size that counts. And with higher tax payments to make on 1951 earnings ... and with 70% of these taxes to pay before June 30 ... such companies are going to suffer a still further drain on operating cash.

Delaying action to correct a reducing cash position can be just as disastrous to a business as ignoring warning signals of failing health can be to an individual.

We know. For while Commercial Credit was able to solve the working capital problem last year for hundreds of manufacturers and wholesalers who came to us in time, there were other companies that were beyond our help. They had delayed too long, fought a losing battle in trying to operate and compete under the terrific handicap of a short cash position.

Obviously, Commercial Credit cannot predict the future, but that the money market may tighten as the need for more commercial borrowing grows is more than a possibility. For nearly 40 years the business of Commercial Credit has been money. We're SPECIALISTS in this field. Our advice to the executive whose business is likely to face a cash problem any time in '52 is to give the subject high priority. Start now to investigate ways you can meet the problem.

#### Half a billion dollars can't be wrong

One method you should investigate is that offered by Commercial Credit. Currently, we are supplying manufacturers and wholesalers with cash for working capital purposes at the rate of *HALF A BILLION DOLLARS* annually.

Commercial Credit can provide the average company with substantially more cash than its usual borrowing sources within 3 to 5 days. Commercial Credit can put executives' minds at rest by showing that our funds can be available continuously for ten weeks, ten months or years. Commercial Credit can give assurance to users of its method that if increased sales call for increased financing, more funds will be available automatically.

Commercial Credit's plan offers all the advantages of selling stock or taking in partners without the disadvantages. You solve your problem almost immediately and without any legal, accounting or other preliminary costs. You retain full company ownership. You keep complete control over management and profits. You handle our one reasonable charge as a tax deductible, business expense.

#### There is nothing more costly than lack of cash

DON'T DELAY. If you have or face a tight cash position, wire or write the nearest Commercial Credit Corporation office below and we will submit a proposal. Just say, "Saw your message in Dun's Review. Give me complete facts."

If your need is urgent, phone our nearest Divisional Manager: New York, Mr. Barrett, Phone MUrray Hill 3-5400; Chicago, Mr. Rogers, Phone DEarborn 2-3716; BALTIMORE, Mr. Brilhart, Phone SAratoga 4395; Los Angeles, Mr. Norton, Phone MIchigan 9431; San Francisco, Mr. Dunnington, Phone YUcon 2-6362.

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## Sources of the

CENSUS 1. POPULATION: U. S. Bureau of the Census; mid-period estimates of total population including armed forces overseas—2. NUMBER OF BUSINESSES: U. S. Office of Business Economics; number of nonfarm business organizations under one management excluding professional practises

EMPLOYMENT 3. CIVILIAN EMPLOYMENT: U. S. Bureau of the Census, data prior to 1929 from National Industrial Conference Board; monthly averages of noninstitutional population 14 years of age and over who were at work, temporarily absent because of sickness, strike, or vacation, or with instructions to report for work within 30 days-4. AGRICULTURAL EMPLOYMENT: U. S. Bureau of the Census, data prior to 1929 from National Industrial Conference Board; monthly averages of those employed in agriculture-5. Nonagricultural Employment: U. S. Bureau of the Census, data prior to 1929 from National Industrial Conference Board; monthly averages of those employed outside of agriculture-6. Unemployment: U. S. Bureau of the Census; monthly averages of those not at work but looking for work, also includes those who would have sought work except for temporary illness, belief that no work existed, or waiting to return from an indefinite lay-off

PRICES 7. CONSUMERS' PRICES: U. S. Bureau of Labor Statistics; Average cost of some 200 goods and services customarily purchased by moderate income families, expressed as a per cent of the 1935-1939 level—8. Retail Prices: U. S. Office of Business Economics, based upon data collected by other Government agencies; average prices at retail stores as a per cent of the 1935-1939 level—9. Wholesale Prices: U. S. Bureau of Labor Statistics; average wholesale prices of some 900 commodities as a per cent of the 1926 level—10. Industrial Stock Price Averages: Dowlones & Company; daily average of the prices of 30 industrial stocks

11. HOURLY EARNINGS OF INDUS-TRIAL WORKERS: U. S. Bureau of Labor Statistics; average for production workers, reflects extra pay such as for overtime and late shift work-12. WEEKLY EARNINGS OF INDUSTRIAL WORKERS: U. S. Bureau of Labor Statistics: average for production workers before any payroll deductions, reflects length of work week and hourly earnings-13. DISPOSABLE PERSONAL INCOME: U. S. Office of Business Economics; personal income remaining after deduction of taxes and of nontax payments to government such as fines, licenses-14. DISPOSABLE INCOME PER CAPITA, 1950 DOL-LARS: Compiled by dividing Series 13 by the items in Series 1 and adjusting results for changes in Consumers' Prices, Series 7-15. CORPORATE PROFITS AFTER TAXES: U. S. Office of Business Economics; total corporate profits after deducting all tax liabilities

PRODUCTION 16. INDUSTRIAL PRODUCTION (PHYSICAL): Federal Reserve Board; average physical volume of manufacturing and mining

### Statistical Data

output as a per cent of the 1935-1939 level—
17. ELECTRIC POWER PRODUCTION: Federal Power Commission; total produced by utilities and industrial establishments excluding hotels, office buildings, and other commercial establishments—
18. BUILDING PERMITS, 120 CITIES: Dun & Bradstreet, Inc.; total value of permits issued in 120 reporting cities—19. Expenditures for Plant and Equipment: U. S. Department of Commerce and Securities & Exchange Commission; totals for private industry excluding agriculture—20. Gross NATIONAL PRODUCT: U. S. Office of Business Economics; total market value of all goods and services produced by the economy before any deductions for depreciation

SALES 21. FARM INCOME: U. S. Bureau of Agricultural Economics; total receipts from farm marketings, CCC loans, and Government payments—22. Exports: U. S. Bureau of the Census; total of all merchandise—23. IMPORTS: U. S. Bureau of the Census; total of all merchandise—24. Retail Sales: U. S. Office of Business Economics, data prior to 1929 from Kuznets "National Income and Its Composition"; total sales of all retail stores—25. Wholebale Sales: U. S. Office of Business Economics; total sales of all wholesalers—26. Manufacturing Sales: U. S. Office of Business Economics, data prior to 1929 from Kuznets "National Income and Its Composition"; total of all manufacturers' sales

INVENTORIES 27, RETAIL INVENTORIES: U. S. Office of Business Economics; book value at end of period—28, Wholesale Inventories: U. S. Office of Business Economics; book value at end of period—29, Manufacturing Inventories: U. S. Office of Business Economics; data prior to 1929 from Kuznets "National Income and Its Composition"; book value at end of period

FEDERAL 30. FEDERAL RECEIPTS: U. S. Treasury Department; annual totals are for fiscal years, quarterly totals are for calendar quarters—31. FEDERAL EXPENDITURES: U. S. Treasury Department; annual totals are for fiscal years, quarterly totals are for calendar quarters—32. Gross FEDERAL DEBT: U. S. Treasury Department; annual figures are at end of fiscal years, quarterly figures are at end of calendar quarters.

FINANCE 33. Consumer Credit: Federal Reserve Board; total consumer credit outstanding at end of period—34. Loans of Commercial. Banks: Federal Reserve Board; volume of loans outstanding from all commercial banks at end of period—35. Currency Outside of Banks: Federal Reserve Board; volume outstanding at end of period—36. Demand Deposits Adjusted: Federal Reserve Board; total at end of period—36. Demand Deposits and cash items in the process of collection—37. Turnover of Demand Deposits: Federal Reserve Board; annual turnover rate of adjusted demand deposits

FAILURES 38. Business Failures: Dun & Bradstreet, Inc.; total number of industrial and commercial failures—39. LIABILITIES OF FAILURES: Dun & Bradstreet, Inc.; total current liabilities excluding long-term publicly held obligations.



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#### TO THE EDITOR

#### MUCH ADO ABOUT "NOTHING TO DO"

I was extremely curious, upon happening to read your "Letters to the Editor" column in the November issue, to note ... a promotional piece called "An Executive Has Nothing to Do."

This piece of writing is the most amazing thing of its kind which has ever happened, it seems to me, because it absolutely refuses to die, and apparently it also refuses to get itself credited to its proper author, despite various and serious efforts by many people to do so.

I am enclosing herewith a clipping of a story in Advertising Age some years ago (August 25, 1947) which gives the details of our effort, and a very successful one, to run this thing down to its source, and I think you and your correspondents may both be interested in it.

My only interest lies in the fact that a piece as good as this one, as evidenced by the thousands of times it has been reprinted, certainly ought to be credited to its original author.

S. R. Bernstein, Editor Advertising Age Chicago, Ill.

Reader Bernstein's clipping traces the authorship to one F. F. Beirne, longtime columnist for the Baltimore Sun; the popular piece first appeared in "Advertising Age" complete with credit line in 1933, has since been bandied about namelessly .- Ed.

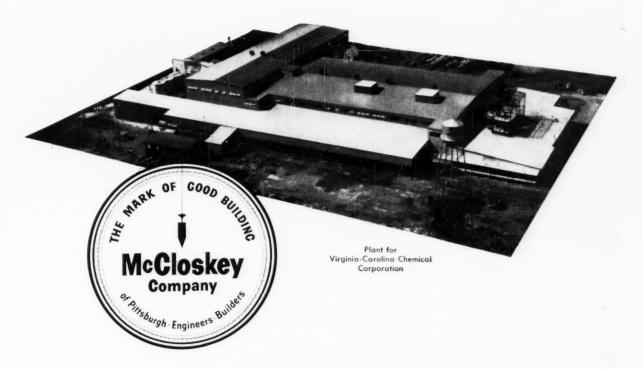
#### GETTING THE POINTS

I would greatly appreciate receiving thirty or fifty copies of your latest "Compass Points of Business." I find this one of the most useful and stimulating compilations of data available for students. . . .

David P. Loyd, Asst. Prof. Ashland College Ashland, Ohio

#### PAT FOR PATERSON

Your article, "Paterson's Pattern for Small Business," in the December 1951 edition of Dun's Review, proved most interesting . . . because . . . I am the Small Business Specialist for the Detroit Region of the Central Air Procurement District, in Detroit . . . and have been working on every . . . conceivable idea that might be used to render assistance and guidance to small business in the Lower Penninsula in the State of Michi-



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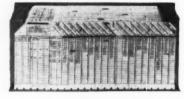
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Distributors In All Principal Cities

gan. Your article substantiates one of the fundamental ideas I have been working on here . . . That is, to utilize the Chamber of Commerce throughout the State, as a method of disseminating ideas to small business and increase their industrial potential, and, in many cases, save them from utter ruination and bankruptcy. As we all know, they need help, and now is the time they should be getting it.

It is the opinion of the writer that by using an already existing organization, such as the Chamber of Commerce, we can, with greater efficiency, and with the least loss of time, reach more people and do the most good. . . .

John T. McGowan, Major, USAF Small Business Office Detroit, Mich.

#### A FAMILIAR RING

We should like very much to reprint, with full credit to the author and to Dun's Review, the article from your November, 1951, issue entitled "The Ring" by Charles Forward. Our publication is wholly an educational venture, without advertising, and circulates among general readers, school pupils and industrial plant workers.

I have arranged to mail you a recent issue and will also send you a copy of our December issue, now on the press, as it has a doublespread feature on the film "Credit . . . Man's Confidence in Man."

Clayton Hoagland, Editor Popular Economics New York, N. Y.

And a doublespread grin of thanks to Editor Hoagland.—Ed.

#### COURSES. FILED AGAIN!

Your November issue contains on pages 25, 26, and 27 an article entitled "Report on a Growing Economy." I note that you plan to publish an enlarged version of this early in 1952.

We are currently working here on a course which will probably be titled "Problems of the Independent Businessman." This will be a case course based on cases being collected currently. We will first use these cases in mimeographed form and later perhaps publish them in book form.

As background for these cases we are accumulating information of the type which will be given in your pamphlet. We would very much like to have a copy of the pamphlet when published, plus your permission to use all or any part of it in mimeographed or book form to the extent that it fits into our course plans.

Austin Grimshaw, Dean College of Business Administration University of Washington Seattle, Wash. Now for the first time in Network Radio . . .

# NBC OFFERS COMPLETE NATIONAL MERCHANDISING



Until now no radio network has ever offered advertisers a thorough, realistic service for merchandising their products on a national scale.

Now NBC takes the lead in offering not only the first national merchandising service in network radio, but the finest, most complete merchandising facilities to be furnished by any advertising medium.

#### HERE'S WHAT YOU CAN EXPECT:

- 1. NBC's field experts will train advertisers' sales and distribution personnel in getting dealer support, building displays; make demonstration calls with salesmen on key accounts; make presentations at sales meetings; maintain close liaison with key wholesalers and retail groups in their areas.
- **2.** The NBC Merchandising Plan is approved unanimously by the NBC affiliated stations. Accordingly, the network field experts are working in co-operation with our stations, establishing a chain of merchandising services which should deliver for our advertisers the greatest possible point-of-sale impact.
- 3. Network on-the-air merchandising programs will be developed which will permit dealer tie-ins for maximum local impact. One series,

- "Market Basket," is now in preparation for food store advertisers.
- **4.** Point-of-purchase material especially produced for the needs of retailers will be available to NBC advertisers at cost. This material will be designed to take advantage of network and local station identification.
- **5.** All-important research services will be offered with emphasis on attitude surveys, distribution checks, test stores, consumer panel.
- Bulletins for mailing to retailers will be prepared and supplied NBC stations on a monthly basis.

This is but a partial list of the services planned by NBC's Merchandising Department. Other activities in the display and national trade fields will be presented at a later date.

#### WHEN CAN YOU EXPECT THESE SERVICES?

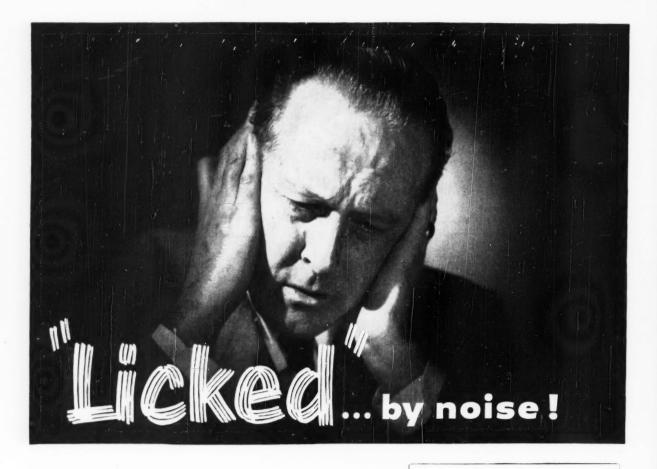
The NBC Merchandising Plan has been in formation since July under the direction of Mr. Fred N. Dodge, formerly Merchandising Director of "The American Weekly." The nation-wide field offices will be functioning by February 15.

Now is the time to plan your participation. The Merchandising Department is available now for consultation on your particular needs.

In the year of hard selling to come, there will be no better sales combination than the NBC Radio Network with NBC Merchandising. And of all the networks only NBC Radio offers a workable, efficient merchandising service.

## **NBC RADIO NETWORK**

a service of Radio Corporation of America



**Look again.** This could be *your* cashier. *Your* accountant. Anyone in your office—even *you*. Fagged out. On edge. Unable to do a day's work in a day's time. Running up costs through needless errors and overtime.

Yes, look again. In that drawn face, in those listless eyes, you see what noise—common, routine, taken-forgranted noise—can do. Is doing to normally alert, able people in offices, banks, schools, hospitals, factories!



SOUND CONDITIONING
IS A SOUND INVESTMENT

The sorriest part of this sorry waste is that it can so easily be prevented. The *quiet comfort* which Acousti-Celotex Sound Conditioning brings is the answer. The key to improved employee morale—fewer errors—greater efficiency—less overtime.

The cost? Modest indeed! Fact is, in a year's time noise may now be costing you more than the Acousti-Celotex Sound Conditioning that can check it for good. With this in mind, can you afford *not* to look into it? Can you, now?

Write today for a free copy of the informative booklet, "25 Questions and Answers on Sound Conditioning." The Celotex Corporation, Dept. DR-22, 120 S. LaSalle St., Chicago 3, Ill. In Canada, Dominion Sound Equipments, Ltd., Montreal, Quebec.

#### Why you can count on your Distributor of Acousti-Celotex Products to check noise for good

- He is a member of the world's most experienced Sound Conditioning organization.
- He has behind him the know-how gained from hundreds of thousands of installations of Acousti-Celotex Products—solving acoustical and noise problems of every type. Thus he can assure you Sound Conditioning that's right from the start.
- He has a complete line of superior, specialized acoustical materials to meet every requirement, every building code.
- He guarantees his materials, workmanship, Sound Conditioning techniques.
- He will consult with you, make a FREE ANALYSIS of your particular noise problem—without obligation.



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## .. Without Capital Investment

Equipment which is engineered, painted and lettered to your specification, driven by your own drivers and depreciated on contract exactly as though you owned it—but without

buying it, without the work, worry, insurance, maintenance and the million-and-one details of actual ownership—that's Truck Leasing today through an NTLS member-company!

CHECK CARD ON OPPOSITE PAGE, TEAR OFF AND MAIL TODAY

#### THERE ARE TWO KINDS OF EXECUTIVES:

- Those who know the edventages of Truck Leasing but went printed facts, specific examples, typical contract information and.
- Those who den't know the full advantages of Truck Leusing.

BOTH KINDS SHOULD SEND THIS POSTAGE-FREE CARD FACE-SAVING FACTS AN EXECUTIVE SHOULD KNOW: It's becoming increasingly difficult to ignore the values of Truck Leasing. They can't be dismissed with, "It must cost more—leasing firms have the same overhead we'd have, plus the fact that they make a profit." Modern executives know that the savings in time and the elimination of confusion are actually cost-accountable factors effected by utilizing trucking specialists—NTLS leasing companies.

FACTS YOU MAY ALREADY KNOW: Leased trucks are smart appearing, constantly clean, perfectly maintained . . . emergency units instantly available for peak-load or break-down needs . . . elimination of bookkeeping—one invoice instead of many . . . insurance coverage . . ligensing . . repairing . . release of capital investment . . kndwn-in-advance costs . . saving of management's time . . milebge checks . . uninterrupted service—all obvious advantages of long-term Truck Leasing or daily Truck Rental—under the NTLS plan.

Members in Principal Cities

NATIONAL TRUCK LEASING SYSTEM
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Dun's Review

23

FEBRUARY - 1952





## Weighing Business' Biggest Anchor

T. G. GRAHAM

Vice-President, The B. F. Goodrich Company

CAN ANYBODY say with authority what the ratio is between waste and productivity or exactly what this ratio should be? Some producers may have approximate knowledge of what their own waste costs, but this figure, almost inevitably, is confidential since waste has such a bearing on costs and the determination of the profit margin. Waste occurs in so many unrecorded forms, in so many unsuspected places that there is no uniform method of accounting for it in American industry.

To-day reduction of waste is not simply another step to be taken in the interest of making more profits in a competitive era. To-day the reduction of industrial waste is not only a desirable goal, it is a goal we must reach if we are to be as strong and productive as we should be.

Whatever is wasted, whether it is time, material, or ideas; and whether



OMPTY CHAIRS AND UNUSED TOOLS CAN BE GOOD OMENS-WHEN THEY ARE WHEEL CHAIRS AND CRUTCHES. BUT THE THINGS THAT CAN'T BE SEEN VERY OFTEN REPRESENT THE GREATEST SOURCE OF WASTE. TO FIND THESE SOURCES AND ELIMINATE THE WASTE REQUIRES AN ACTIVE PRO-GRAM THAT ENLISTS THE AID OF EVERYBODY. THE WAY TOWARD A REDUCTION OF WASTE IS ONE PATH TOWARD INCREASED INDUSTRIAL STRENGTH.

it is in industry, in commerce, in government, on the farm, or in the home lessens our effectiveness and retards progress.

Yet, elimination of waste is equally important in less urgent times. Even when all other costs are rising, producers cannot afford the luxury of

company that relaxes its battle against waste finds one of two things happening. Either it cannot sell its products competitively because its prices and costs are too high, or it must sell its products at a dangerously low profit.

High production costs, inability to meet customers' needs, and unstable job waste. Other costs being equal, the opportunities follow in the wake of industrial waste. Wasteful producers lose business and finally go out of business, with subsequent destruction of jobs.

That is why waste in industry should be the concern of everybody in industry, not just the manufacturing vice-president, the plant manager, the division superintendents. What to do about waste is the responsibility of everybody who makes his living from the business or enjoys the high standards of living that productivity alone makes possible.

A satisfactory job of eliminating waste is not being done anywhere in industry. An account of some of the steps one firm has taken to reduce waste may be of interest. These steps have more than paid for the time, energy, and attention needed to set them in motion.

In the rubber industry there now appears to be a universal awareness of the need to conserve. It is a lesson learned the hard way, but one well worth carrying over and practising when our industry and the world once again return to the ways of peace.

Those who work in the rubber industry know how real a threat the waste of materials can be to successful operation due to the nature of the business. Materials waste is so closely allied to costs that at B. F. Goodrich waste is shown as a separate accounting item for day-to-day checking.

Each morning all plants report the amount of waste materials from the previous day. Before noon of the day following the end of a month the complete story is available on materials waste from all domestic plants for the month just ended.

High on the list of waste targets at which we have taken aim is the waste of skilled human resources caused by preventable industrial accidents. Accidents, with injuries resulting in the waste of human values, are one of the most inexcusable forms of waste. Starting with this conviction, a successful safety program was created which spares many employees the pain and tragedy of accidents, improves manufacturing conditions and methods, betters working conditions generally, and lowers the cost of production.

For the past five years B. F. Goodrich has operated with a combined injury frequency and severity rate of less than half the national rate for the rubber industry. Currently, nine plants are operating with over a million manhours without a disabling injury, or a total of more than 18 million injury-free man-hours. In 1950 the National Safety Council presented the Distinguished Service to Safety Award to all of the company's plants.

#### Double Pay-off

In one recent year safety-conscious men and women submitted more than 1,500 safety suggestions. Of these, 665 were adopted and more than \$8,000 was paid in awards.

Responsibility for safeguarding the health of people in industry rests with industrial hygienists. This responsibility is felt to-day in the rapidly expanded man-made rubber industry. In a sense, industrial hygienists are the men who made the rubber industry possible by first making it a safe place in which to work.

Mass production of chemical rubber depends on skill in detecting and eliminating health hazards. The industry uses a tremendous variety of different materials, many of them potentially hazardous. It is up to the industrial hygienists to establish standards for their safe use.

The rubber industry is a rapidly changing, complex, and diversified industry. Its raw material and products come from many parts of the world. It is not only a huge consumer of chemicals, but a large producer as well. New materials, with their unknown hazards, are constantly being developed. Toxicological and industrial hygiene studies for them must be made if they are to be used safely.

Waste of human resources can be reduced by well-directed programs of industrial medicine, hygiene, and accident-prevention. But skilled human effort often goes to waste deliberately rather than accidentally. This happens when workers limit their productivity out of consideration for some general, arbitrary standard of output. Almost anybody who has a job in industry knows through personal experience

(Continued on page 103)



DEVANEY PHO

One careless second followed by five workless weeks, and yet he was mighty lucky at that not to have lost his arm. Depending on lady luck to save time or materials or effort can be a costly procedure. But how can the cost of a broken arm he measured in pain, in worry, and in work not done? The full cost of waste is an elusive figure, but the lowest estimates represent an enormous potential saving. To obtain this saving and receive regular dividends on the investment, a definite program for combatting waste must be followed. Lady luck is far too fickle to be allowed to act as co-worker with those who have the vital job of preventing waste—and that includes just about everybody.



HILD PHOTOGRAPH

DIFFICULTIES, DISLOCATIONS, AND EVEN INJURY TO SOME COMPANIES IS TO BE EXPECTED IN A DEFENSE PROGRAM OF THE PRESENT
SCOPE. THE SUCCESS OF FAILURE
IN CORRECTING THESE INFULL INSURED IN THE EXPERIENCES
OF BUSINESS. FROM THESE EXPERFENCES WILL COME THE REMEDIES AND IMPROVEMENTS OF TOMODROOW.

## Small Business in the Defense Program

#### A STUDY OF CASE HISTORIES IN BRIDGEPORT

JAMES CRAWFORD

DUN & BRADSTREET, INC.

There are two measures of the progress of our defense program. One is the production achievement of the total, complex effort. The other is the extent to which we have made equitable use of all our production facilities, especially smaller concerns.

The first measure is substantially on the affirmative side. The second measure is a trifle fuzzy and confused by gripes—personal, general, and often more emotional than logical.

To obtain a proper focus and perspective on the second measure, James Crawford of the Dun & Bradstreet staff went to Bridgeport, Conn., to talk with a number of prime and sub-contractors. Bridgeport was selected as a typical defense production center. The discussions recorded here are candid and reflect a wide range of opinion.

UCH HAS been said in behalf of equal opportunity for all business units, small, large, and in-between, to participate in the defense effort. Congress wrote into the Armed Services Procurement Act of 1947, the Selective Service Act of 1948, and the Defense Production Act of 1950, clauses designed to guarantee to small business its fair share of Government orders. But from the altruism of planning to the cold realism of results, what has happened?

Many complaints have been aired at Congressional hearings and in the public press. They have ranged from charges of favoritism on the part of Government buyers to outright disagreement with fundamental Government policies.

In this atmosphere of disillusion and distrust, it is important to find out what is being done to smooth the path of the defense machine, to erase obvious im-

perfections, and to make amends where injustice is evident. To obtain firsthand information on the nature of complaints, and to weigh the relative merits of the arguments presented, Bridgeport, Conn., was selected for a study of defense program case histories.

During World War II the Bridgeport area did 38 per cent of the dollar volume of all war work done in Connecticut. In the post-war period, and up until the current materials shortage, civilian production was at a high level. Now that the machine tool bottleneck has assumed major proportions, Bridgeport's many small machine tool shops have large order backlogs; but other metal users face severe cutbacks in supplies and possible shutdowns.

The random choice of concerns cuts across a large section of defense production and provides an interesting sample for comparisons. The executives interviewed were co-operative and generative and generative concerns the concer

ally reasonable in their approach to their subject. Individual shortcomings were minor when compared with the undeniable reality of widespread difficulties, which these companies and others have experienced.

The Cutlery Corporation of America makes shears and employs about 115 persons. It is faced with an ambiguous situation in which the civilian market is underbuying while raw materials show every indication of being in short supply and remaining so in the next quarter. The management is devoting a great deal of its time to obtaining defense work, preferably as a sub-contractor, and has followed all the steps recommended by Government buying agencies with little or no success. At this time it is a member of a local production pool waiting certification by the NPA.

Leake & Nelson Company employs tro persons in fabricating structural steel, erecting, and rigging. Nearly all work done now is for defense plants which are expanding their capacity. Materials are the problem. When steel from customers and regular channels is not sufficient, it must at times buy on the open market to complete a contract.

Bridgeport Metal Goods Manufacturing Company employs 550 persons and in normal times makes a variety of small items, such as lipstick cases and flashlights. Because of restrictions on materials, it now finds itself in a highly competitive market for defense contracts. By reviving its World War II organization and contacts it has been able to obtain some Government work and there is no relaxing in its effort to maintain the volume of such orders.

Casco Products Corporation is an example of successful conversion to a partial defense effort. It employs 1,700 persons manufacturing automobile accessories and household appliances, but material restrictions have cut down its output of these items. Since World War II, when it was totally engaged in war work, Casco has kept in close contact with Army Ordnance and Chemical Divisions and is now working on several negotiated contracts.

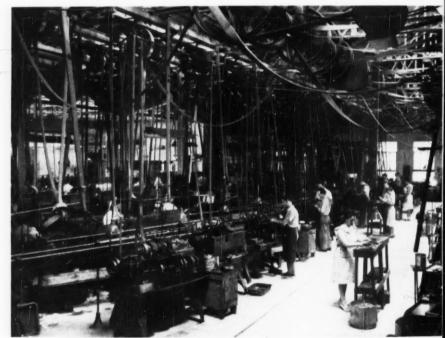
Casco supplies sub-contractors with a package service, from providing materials and tools to final inspection. However, it has often experienced difficulty in obtaining materials for its own use, even with allotments.

The Bassick Company employs about 1,500 persons and is a widely known manufacturer of casters. Consequently, Government orders for equipment, specifying Bassick casters as a component, have largely taken up the slack in orders for civilian uses of their product. Bassick sales engineers and representatives call on Government purchasing agents and engineers and keep them informed of product development.

Bridgeport's machine tool industry is in a special category. After greatly expanding its productive capacity in a common problem among all of them.

The Bullard Company is a leader in the machine tool industry and consequently has received Government orders amounting to several million dollars. Most of this machinery goes directly to other manufacturers as the defense program is stepped up, but is still subject to renegotiation.

Because of the nature of the machinery, most small manufacturers cannot qualify as sub-contractors and many sub-contracts go to larger concerns. Despite the importance of machine tool production to-day, the larger companies have not been exempt from the usual problems of short materials and un-



Lost in the network of forms, procedures, regulations, and red tape, many small businesses found then wheels of production thening slower and slower. The difficulty in obtaining materials curta-led their production of civilian goods while their volume of Government orders or sub-contracts remained limited. Not all businesses were entangled in this web of circumstance, but problems common to many existed.

World War II, it was hit by a severe post-war slump, culminating in 1949. Now it has order backlogs for more than a year's production.

The Bodine Corporation, Lacey Manufacturing Company, and Moore Special Tool Company are small machine tool manufacturers each with less than 200 employees. Most of their work is now in Government sub-contracts since their regular customers have become prime contractors. Shortages of materials and skilled labor are

realistic price ceilings for their products.

These concerns, from small to large—and every other business that was questioned—had related problems arising from the defense program.

Getting information on proposed Government procurements is often difficult for the small business man. Many had attended small business clinics or Armed Services exhibits. Although the majority thought they were informative and sometimes useful in providing contacts, no one thought they were of much value in actually landing a contract.

The advertised proposed procurements, distributed by the Department of Commerce, have been of negligible value since a national emergency was declared in December 1950. At that time Government procurement offices switched to over 90 per cent negotiated contracts.

For example, the number of advertised bids appearing in one week's time dropped from a high of 1,603 in December 1950 to a low of 80 in February of last year. Meanwhile, the dollar amount of Government buying had stepped up enormously.

When concerns have written for specifications on advertised bids, they have many times gotten them too late or not at all. At the hearings of the Senate Select Committee on Small Business, a Department of Navy representative stated that the declaration of a national emergency brought about a ten-fold increase in such requests, and it was impossible to fill them all.

If this is true in the other services also, it shows how anxious business men are to get defense contracts. The Committee recommended that more copies of bid papers be prepared and more time be allowed on non-urgent procurements, but the complaint still crops up.

The problem of getting information is even greater for the small business

Organizations participating in the preparation of this article (three companies omitted by request):

John Ahlbin & Sons, Inc. Banthin Engineering Co. Bassick Company Black Rock Manufacturing Co. Bodine Corporation Bridgeport Chamber of Commerce Bridgeport Field Office, NPA Bridgeport Metal Goods Mfg. Bullard Company Casco Products Corp. Chromium Process Co. Conso Metal Products, Inc. Cutlery Corporation of America Dubin Heating & Cooling Co. Lacey Manufacturing Co. Leake & Nelson Co. McAbee Industries, Inc. Mohawk Tool & Die Mfg. Co., Moore Special Tool Co., Inc. Plume & Atwood Mfg. Co.

men in the case of negotiated contracts. Many stated that it is difficult for them to get on the invitation list and felt that Government buying offices had a tendency to go to big concerns or personal favorites.

Remington Arms Co., Inc.

Viscol Company

This whole problem revolves around the sudden pressure put on Government procurement offices after December 1950 to place contracts as rapidly as possible. They relied heavily on World War II contacts and large companies with established reputations.

The services are now being encouraged to utilize new sources and to spread their awards geographically. They have also carried out a proposal of the Munitions Board to have a small business specialist in each major procurement office to help the small business man determine how he can best convert to defense work.

These specialists also look over procurements with an eye for small business opportunities and help small business men prepare bids. According to the Senate Committee, however, they only have power to make recommendations to the chief purchasing officer.

At the same time, their work overload has been such that they have been unable to give sufficient time to prospective contractors and public relations have been poor. This was borne out by the remarks of several small business men who said there was no opportunity to sit down and talk with a responsible person at a Government buying office.

Several business men remarked that they are unable to find out any further details when their bids have been unsuccessful. The sealed bidder would like to know where his bid stood in relation to the winner. And the negotiated bidder would like to know at once when his bid is too far out of line to be considered so that he can direct his energies toward other work opportunities. Apparently buying offices are too busy to perform this service.

Many small business men felt that they were discriminated against by the buying officer merely because of their smallness. But there are valid reasons, aside from favoritism, why the larger company is more likely to get the defense job. For one thing, it has had the staff and organization to maintain continuous contact with Government procurement offices ever since the end of World War II. One manufacturer attributed 90 per cent of current Government orders to a long-range selling and service program.

A frequent criticism centered on the reluctance of Government buying officers to break up a contract among two or more small businesses, even when

(Continued on page 92)

One compact factory plus problems in sub-contracts and materials times the thousands of small businesses in the country equal a large untapped productive potential. The solution of this equation and the release of the mighty energy behind these factory walls is one of America's principal problems. How it will be solved depends on how well it is understood.



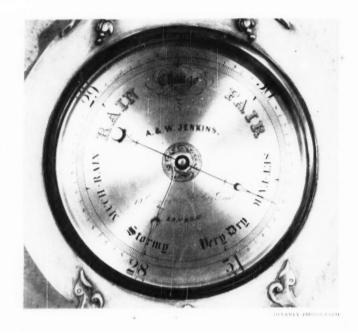
D U N 'S · Page 29

## Taxes Are Everybody's Job

#### WALTER MITCHELL, IR.

Managing Director, Controllership Foundation, Inc. and Controllers Institute, New York

Moder the rising tide of taxes, many business men have found it necessary to call for "All Hands!" Sharing the problems among employees and departments assured smoother sailing for a number of businesses. This study of 400 companies reflects the efforts made and the results achieved under many conditions.



HE IMPACT of high income and excess profits taxes is changing the nature of business problems. Evaluations which exclude consideration of tax issues not only tend to be unrealistic and incomplete, but may also involve the company making them in unforeseen tax consequences. From the very birth of a corporation until its demise by liquidation or otherwise, the management has to make decisions which increase, diminish, or defer the burden of taxation.

Most of these decisions are in regard to problems which management customarily has settled on their merits, such as the timing of sales; the expansion or contraction of inventory; the negotiation of wage contracts; a change in policy governing credit, trade-ins or discounts; investment decisions; the timing and method of purchasing equipment and other capital assets; budgeting for research and develop-

ment, and other additional problems.

Another range of problems involves accounting decisions, such as shifting from FIFO to LIFO; cash versus accrual accounting; selecting or changing the accounting period; allocations of cost and purchase price, and the like.

In short, the "tax problem" has mushroomed out from its starting point, the preparation of tax forms and the maintenance of tax records, until it now intrudes upon and influences operating and policy decisions, as is shown by the following instances.

A manufacturing company, at the suggestion of its treasurer, postponed indefinitely \$250,000 in taxes by shifting from a sales price basis to a cost basis in pricing its inventories.

Another company reduced the effective cost of pensions by funding a substantial portion of its plan, because the \$4 million involved could be deducted for tax purposes over a ten-year period

of rising tax rates. The ultimate net cost was estimated to be only about \$2 million.

An equipment manufacturing company timed its 1950 discount to apply against 1951 purchases, thereby transferring some revenue of 1951 to 1950, with a corresponding tax economy.

A small manufacturer, employing the LIFO method of inventory accounting, used a tax advantage to buy additional material and still save \$8,109 in taxes, which brought the net cost of the purchase \$1.15 a pound below market quotations.

When taxes play so important a part in current decisions, not only at the highest executive levels but also at those of various divisions, subsidiaries, and departments, the need for greater tax consciousness on the part of *all* decision makers in a company takes on increased significance.

How are companies meeting this

problem? How are they organized, formally and informally, to insure that the tax factor becomes a part of the appropriate business decisions and also to make sure that decisions are carried out in such a manner as to minimize tax liability?

A survey of this important area has recently been completed by Controllership Foundation, Inc. Final results are contained in a Foundation report entitled "Management Planning for Corporate Taxes."

In addition to describing various means employed to prevent or minimize tax consequences flowing out of management decisions, the report itemizes the organization of a company tax department and the means whereby tax information can be communicated to the people who actually make the decisions—before the decisions are made.

The basic problem is how to insure that the highly specialized tax know-how, restricted to a few men within each company, is spread so that its effect is felt on the entire decision-making and operating functions of the company.

To fill this need, managements have tried (1) to decentralize tax administration to the divisional or subsidiary level; (2) to promote tax consciousness among executives, supervisors and junior executives, by informal means; and (3) to channel tax information into the decision-making process by formal means, namely organizational procedures for making decisions, reducing day-to-day decisions to a routine, and reviewing decisions.

#### Varied Patterns

No single pattern was found by the researchers in which business firms mould their operations in dealing with the issues of taxation. Large concerns might be expected to have good reason and ample resources to justify a separate tax department. Yet some large companies not only have no tax department, but apparently pay little attention to the need for one.

On the other hand, some small companies place much emphasis upon tax issues. Their operating managers appear to be quite tax conscious. In addition, they maintain fairly elaborate systems to insure full attention to tax considerations in operations, as well as in the preparation of income and other tax returns. Between these extremes a wide range of practises and attitudes were found, but it was not possible to

set up any "standard" method or procedure pattern.

In one example given, the assistant controller of a large corporation devotes full time to the tax problem, by supervision of a staff of twelve men, with the assistance of a legal department to deal with specific issues that involve legal opinion and counsel. In a smaller company with only ten persons in the whole accounting organization, the Foundation's researchers noted that one accountant devoted his full time to tax matters.

In some companies with subsidiaries, it was found that over-centralization of tax administration creates difficulties. In one instance, the burden of liaison between the local management and the parent company's tax department falls on the controller, who is not always consulted about the tax implications of particular decisions in time to minimize or prevent them. This controller feels that centralization of tax administration makes his work less effective than it might otherwise be.

Another aspect of tax centralization was found in a company in which each divisional controller prepares his own tax return, which is reviewed by the centralized tax department and combined with those of other division for filing. In the opinion of the central office tax accountant, the fact that the tax returns are reviewed by experts tends to make the divisional controllers less alert to the tax consequences of operations.

Some companies carry on most tax administration within their own organization, relying on public accountants or attorneys for special services, such as preparing for conferences on disputed items with representatives of the Bureau of Internal Revenue, or special problems, such as relief or refund claims.

This has not been too satisfactory, because much of the detail and background must be accumulated by the public accountant especially for these

(Continued on page 100)

DIVANCE PHOTOGRAPH

Teamwork cannot be left to chance. Each department must work towards the benefit of the whole. It is only by this method that a complete job can be done. Close co-operation between the tax department and other departments may reap surprising benefits. Tax consciousness is a must for every employee.

## Developing Leadership

#### FOR TO-MORROW'S TASKS

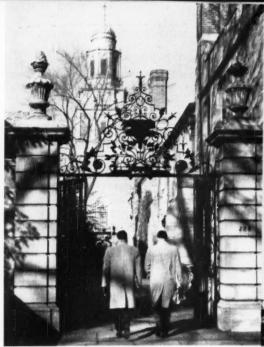
EARL G. PLANTY and CARLOS A. EFFERSON

Executive Counselor Johnson & Johnson

Staff Training Director Chicopee Manufacturing Corporation

PART II

Broadening also adds to the length. Executive development programs often increase the length of the life span of key men along with other advantages. This analysis of many of the executive training devices now available supplements the basic approach, Guided Experience, discussed in the January number.



CORSON PHOTOGRAPH FROM D

SEVERAL important reasons justify attention to executive development. American business now suffers from a shortage of good executives. In an article asking "Why Do Businesses Fail?" (Dun's Review, December, 1951) Griffith M. Jones examined the causes of 8,285 business failures in the year ended September 30, 1951, finding that 88 per cent could be traced to executive deficiencies. If this figure is typical, and Iones did not select his cases. American business stands in vital need of more and better high-level managers. More and better; both are important.

On the quantitative side, we find that American business needs enough men to do the work of to-day, to replace losses through illness, old age, and death, and to meet the requirements of expansion. These needs can be met by training increasing numbers of men to fill high-level vacancies, preparing them so well that they perform with substantial success on the very day of promotion.

Quality of new executives is as vital as quantity. Each year the structure of our business world becomes more complex, its methods more technical, its decisions more difficult to reach. At the same time, rising standards of education demand more from the modern

executive than was required from the old-time boss.

Young people, well schooled in their specialties, often find themselves reporting to superiors whose training is inferior to their own. Executive development enables experienced business leaders to refresh themselves, to catch up on new developments not in their school training a decade or two ago, and not met with in their experience since then.

When planned executive development is lacking, most companies accumulate deadwood at the top. The pruning of this old, established stock is painful and upsetting to organizational morale. On the other hand, companies that help men of long service keep up with their times find that the executive life span increases. Aging, both mental and physical, is slowed down when senior men have frequent contact with new and stimulating ideas as well as fresh vigorous personalities. As a result, executives last longer and perform better during their most mature years.

Executive development helps to guarantee the security and permanence of the organization. It is the first line of insurance protection against decline and failure of the business. Presidents and vice-presidents are daily pressured by immediate problems of sales and production, finance and labor costs. Immersed in a constant struggle with problems of the moment, they find little time to discover and develop the men who will pilot the business a decade or two hence. Installation of executive development is a device which compels attention to this fundamentally necessary but often neglected need for providing leaders.

Our modern industrial society—all facets of it, from the expectations of workers to corporate tax structures—is changing fast. Perfect captains of sailing ships cannot be trusted to man modern ocean liners. Ships have changed. Successful industrial captains of decades and even of a few years ago cannot apply, without change, their old formulas of success. A company needs executive development to assure that its executives are adaptable and competitively up-to-date in a society where change is the most certain of all things.

As business enterprises grow in size and complexity, it becomes more and more difficult for men to know more than one or two departments. If unchecked, this tendency produces executives who are masters of their own special fields, but who do not understand the business as a whole. Contact for developmental purposes with a

broad range of problems which dip into all major functions of the business must be planned by higher executives who control the opportunities. There is no other way the sales director, or a production executive, for example, can get direct experience with problems outside his field of specialization.

The last great reason for executive development is found in the growing importance and influence of business in our social structure. There was a time when an enterprise could operate well or badly and affect only a small number of people. To-day the decisions of policy-making management affect the lives of employees, stockholders, customers, and the general public.

There are, of course, other reasons why executive development should and will be expanded throughout the business world. One is the fact that it always is more healthy for a company to develop executives from within than to import either seasoned veterans or high-potential juniors. The latter practise discourages able young men and causes resentment; the former provides the strongest of all incentives to progress and carries reasonable assurance of reward.

A number of methods for providing executive development are available. Guided Experience was discussed in the January Dun's Review as the core of an executive development program. To supplement this, one may consider the following methods used either singly or in combinations.

#### COMMITTEE ASSIGNMENTS-

Many companies have management boards, policy and co-ordinating committees, and other high-level groups which deal with problems to be solved at executive levels. Primarily designed to do work, these groups may also be used to develop the abilities and personal qualities of executives. Some organizations try men out on temporary committees before assigning them to permanent committees with greater responsibilities.

Advantages: Group activities enable

men to become acquainted with the problems and operations of divisions with which they may have been unfamiliar. Committees and similar groups also enable men to practise the art of working together effectively and without friction. Under able, tactful chairmen, they often develop co-operation, understanding, and even friendship between men who were at odds.

#### More Pros-and Cons

In addition, participants gain experience in solving problems that exceed the responsibility of any one executive. Group membership cultivates a feeling of "belonging." It also gives status and develops a sense of responsibility.

Limitations: Committee meetings can be time-wasters. They can be set up to help executives escape their responsibility for making decisions. Committees are frequently not given enough authority and their recommendations sometimes are ignored; both these faults lead to frustration and sometimes to irresponsibility.

#### CASE STUDY-

The basis of each case study is a written description of some actual and typical situation selected from the business world. These descriptions range in length from a few pages to more than a hundred. Seldom if ever is the problem stated specifically; usually it

is wrapped in all the complexities, prejudices, and contradictions that becloud actual business problems. Cause usually is not neatly associated with effect; few indeed are the clearly defined heroes, villains, or scapegoats. More often, as in life, there is a little right and a little wrong in everybody's actions, and causes have to be separated from a mass of confusing data.

Each trainee is given the case to read and solve with no questions asked or problems isolated. In the group discussion that follows, participants sometimes find it as hard to define the central problem as to agree upon a course of action. The leader stays in the background; he has no final answers or best solutions. Trainees learn from each other and exercise their own judgment.

Advantages: The case study trains men to identify and analyze complex problems, and to frame their own solutions. Since each member of a group makes his own proposal, no one man's solution or analysis is accepted without criticism. Learners are exposed to a variety of approaches, interpretations, and personalities. Principles, if they are drawn, come from practical cases and are established by the learners themselves.

The case study method reduces the over-confidence of dogmatic partici(Continued on page 74)

What's going on here? Are they seeing a movie, having a discussion, attending a class, acting a part? These are some of the ways a good executive becomes better, but an adequate all-around development can come only from the proper use of the many training tools available.



ANDERSON PHOTOGRAPH FROM DEVANEY

PRODUCTION PRICES . . . . TRADE . . . .

Output rose moderately despite continued searcities of materials and skilled labor. Joblessness mounted noticeably in some areas, but was below a year ago for the entire nation. Prices were relatively steady as wages edged upward. Spring orders increased and retail trade rebounded from its year-end lull. Failures rose slightly.

HE FIRST month of the new year witnessed moderate production increases in many lines, but shortages of materials, skilled labor, and equipment plagued producers with growing frequency.

Producers of industrial equipment, whose orders from such rapidly expanding groups as the chemical, petroleum, paper, rubber, and metal industries rose by as much as 30 per cent over December levels in some areas, pushed output as far as their own raw material allotments and individual plant capacities would allow.

Manufacturers of machine tools, materials handling devices, power plant and processing equipment, and construction machinery reported increases in both orders and output in marked contrast to the seasonal lull that prevails in the first month of the year. Seriously hampering military production and current industrial expansion programs in electric power, petroleum, aluminum, and steel were scarcities of common components such as heat exchangers, fans and blowers, transformers, pumps and compressors, switchgears, and industrial fasteners.

Despite shortages of steel scrap, which forced the temporary closing of several steel furnaces in early January, total steel output maintained a weekly

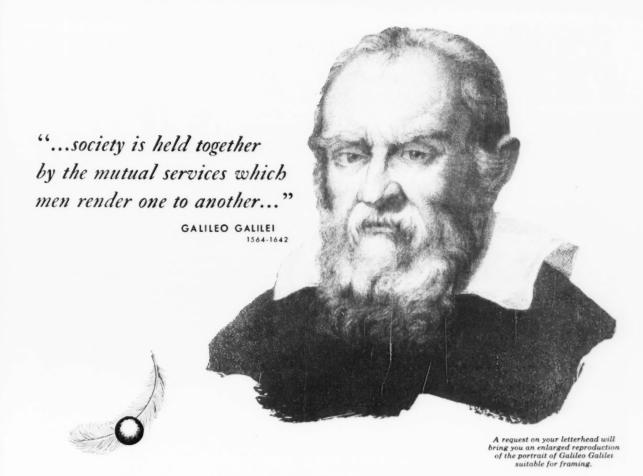
rate of more than 2 million tons and exceeded last year's January level by 3 per cent. The full year of 1951 was a record steel year. With 105 million tons produced, it surpassed 1950's output by 8.3 million tons and the World War II annual average by 17.8 million tons, or slightly more than 20 per cent.

Electric power production and crude oil output outstripped their year-ago comparatives by 9 per cent and 7 per cent respectively. Paperboard production fell below its 1951 level by 13 per cent. Bituminous coal output remained somewhat below that of 1951. Contracts awarded for civil engineering construction in the first three weeks of 1952 were down 35 per cent, while lumber production dropped 25 per cent from the January output of last year.

Many producers of civilian goods reported unfavorable comparisons with

Industrial Production

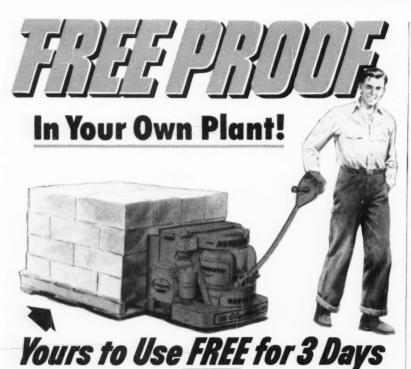




Galileo left a treasure of personal accomplishment which staggers the imagination. He was not only the untiring explorer of the vast celestial universe, the inventor of a multitude of instruments which gave access to the most astounding facts; he not only established the laws of inertia, the laws of oscillation, the law of weight, and the laws of movement, but he created the infinite possibility of eternally new conquests over the forces of nature.

The fruits of the service Galileo rendered to man are evident all around us—in the machines and instruments and tools which contribute so mightily to our present-day civilization. If, as Galileo said, "society is held together by the mutual services which men render one to another," so is business held together by the same spirit to serve each other, the same earnest desire to contribute to each other's well-being.





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There are more Automatic Transporters in service today than any other operator-led Electric Truck.



free material handling.

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their 1951 output levels. At the beginning of last year manufacturers stepped up production schedules to meet what appeared to be a growing demand for civilian hard goods. Since then, however, manufacturers of such merchandise have limited output under the shadow of bulging inventories and tightening raw materials.

For November, the latest month for which final data are available, the output of major consumer durables averaged 36 per cent below the year-ago level. Of these, household goods were down 32 per cent, radios and television down 41 per cent, major appliances down 31 per cent, and furniture down 20 per cent.

The drop in automobile production, however, was not so much traceable to consumer apathy as to scarcities of copper, aluminum, nickel, and other metals. Since last May weekly production figures had been running substantially below those of the year before. Production in early January was about half that of the January 1951 period.

There were noticeable differences in the November output comparisons of various soft goods with production levels of a year earlier. The manufacture of food and food products was

## Weekly Business Signpos

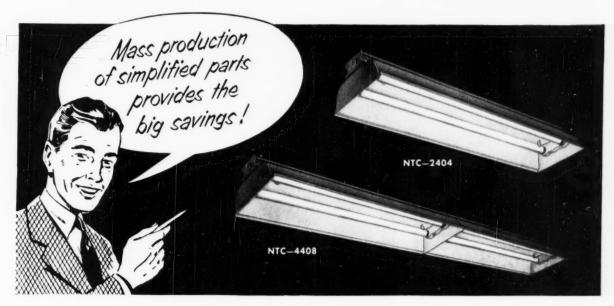
SELECTED	LATEST	Previous	Y
BUSINESS INDICATORS	WEEK*	WEEK	Α
Steel Ingot Production Ten Thousand Tons	205	204	1
Bituminous Coal Mined	118	91	1
Automobile Production Thousand Automobiles	93	85	1
Electric Power Output Ten Million K.W. Hours	767	715	6
Freight Carloadings Ten Thousand Cars	743	613	7
Department Store Sales	266	224	31
Wholesale Prices	177	177	1
Bank Debits Hundred Million Dollars	255	329	21
Money in Circulation	288	291	2
Business Failures	158	164	1

\*Steel, automobile, price and failures data are for the th week of January; all other figures are for the second we Sources: Amer. Iron & Steel Inst.; U. S. Bureau of Mines; Au motive News; Edison Electric Inst.; Amer. Assoc. of Railroa U. S. Bureau of Labor Statistics; Dun & Bradstraef, I



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<u>plus</u> the greatest advance in modern Fluorescent Fixture engineering



### New simplified-design series offers fewer parts...greater flexibility...Lower Costs!

Now, a new revolutionary mass production design in Sylvania Industrial Fluorescent Fixtures brings advantages of greater flexibility . . . lower costs.

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even with that of the year before and textile production dropped 19 per cent, while the output of chemicals and chemical products exceeded that of a year ago by 6 per cent.

Although total employment in December remained at the high level of 61 million persons, some industrial areas, particularly the automobile city of Detroit, suffered pangs of severe unemployment. There the number of jobless persons reached 120 thousand, or 79 per cent more than in December of 1950. The number of jobless for the entire nation, by contrast, had dropped to a level 25 per cent below the year-ago level.

Factory layoffs in November continued at the highest rate in ten years, rising slightly from October's fourteen workers for every 1,000 workers employed to sixteen for every 1,000. Although many laid-off workers readily found new employment, the rate of factory hiring in November remained at the lowest November rate, 37 persons for each 1,000 employed, in more than a decade, with the exception of 1949.

Despite high layoff rates and regional unemployment, the proportion of available workers with jobs in December amounted to 97.3 per cent, a slight rise from the 97.1 per cent of a month before and 96.4 per cent a year ago.

(Continued on page 42)

#### WHOLESALE FOOD PRICE INDEX

The index is the sum total of the prices per pound of 31 oods in general use. It is not a cost of living index.

Late	st Weeks	Y	ear Ago	1952
Ian.	15. \$6.57 8., 6.61 1., 6.64	lan.	16 \$7.04 0 7.02 2 6.03	High Jan. 156.64 Low Jan. 15 6.57
	25 6.64 18 6.63		26., 6.90 19., 6.80	High Feb. 20 \$7.31 Low Dec. 18 6.63

#### DAILY WHOLESALE PRICE INDEX

The index is prepared on the basis of daily spot closing prices of 30 primary commodities (1930-1932=180).

Week Ending:	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
lan. 19	309.97	308.39	308.49	307-30	307.44	307.01
lan. 12	312.02	310.66	311.03	310.77	310.16	310.03
lan. 5	310.45	Holiday	310.00	310.13	310.77	312.13
Dec. 29					310.84	300.86
Dec. 22	300.03	308.05	300.06	309.28	309.28	309.33

#### BUILDING PERMIT VALUES-215 CITIES

Geographical Divisions:	Twelve 1951	Months- 1950	Change
New England Middle Atlantic South Atlantic East Central South Central West Central Mountain Pacific	\$303,592,045 938,823,283 455,131,999 994,200,640 730,529,239 288,903,103 153,217,742 720,668,286	\$275,805,434 1,166,825,566 519,710,490 1,137,055,956 973,018,761 383,172,258 158,867,553 935,238,088	-19.5 -12.4 -12.6 -24.6 -24.6 - 3.6
Total U. S New York City		\$656,015,107	-15.2

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In this all-important step, skilled workers check the coating of Westinghouse fluorescent lamps to see that it is perfectly uniform and free of flaws.

Here the electrode is carefully sealed into the lamp prior to the air-exhaustion and injection of the krypton-argon starting gas.

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Lamp Division Westinghouse Electric Corporation Bloomfield, New Jersey



YOU CAN BE SURE ... IF IT'S

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NEW, EXCLUSIVE 90-WATT WESTINGHOUSE FLUORESCENT LAMP TOPS ALL OTHERS IN ITS CLASS

You're in for real savings with this new Westinghouse 90-watt fluorescent lamp, and here's why . . .

This new lamp gives you 6% more light than the 85-watt fluorescent lamp, yet uses only 2% more current. What's more, its high light output is consistent, for even after 7500 hours of operation it still out-produces any other lamp in its class.

In short, you get top lighting value from this new economysize fluorescent tube! Try it out in your plant and see!

#### **NEWS FROM** WESTINGHOUSE, THE FASTEST-GROWING LAMP MANUFACTURER

by Sam Hibben



#### DID YOU KNOW?

Many deep sea fish have built-in fluorescent lights, but one of them has a twist: The sub-order Ceratioidea has its fluorescent lamp on the end of a pole! Smaller fish go after this luminous bait, and wham -they get eaten. The trick, I suppose, is how to keep big fish from going after the bait-but big ones seldom go that deep, and many lighted-up fish can dim out at will.

Fish, incidentally, have like onions, cabbage or dozens of other foods-wholesome but penetrating odors when cooked. Westinghouse has just introduced a tiny lamp that destroys odors-it really does. The lamp puts out rays that create ozone, and the ozone oxidizes the floating molecules of most common odors. It's easier to operate than explain, but it costs only about 5¢ a week to burn and it keeps air fresh and sweet.

#### A THOUGHT FOR THE DAY:

Your eye lenses act much like a camera's. This means that the image on your retina is upside down. That is, the top of a tree registers on the bottom of the eyeball. You've simply learned to interpret it around again after the electric impulses have carried the "television" picture to the brain. Had you known you were that smart, or does the world still look upside down?

Bamuel Gf Lillen

WESTINGHOUSE LAMP DIVISION Dept. AR BLOOMFIELD, NEW JERSEY I'd like to know more about the new 90-watt Westinghouse Fluorescent **BUY NOW AND SAVE!** WESTINGHOUSE FLUORESCENT LAMPS STILL COST YOU LESS THAN THEY DID IN 1940, YET BURN SEVEN TIMES LONGER!



#### UNIT OVERHEAD REDUCED 35% PRODUCTION INCREASED 60%

In 1949, a large manufacturer of automotive specialties found it necessary to reduce selling prices to meet a special competitive situation. An immediate reduction in production costs was essential, if the company was to continue to meet competition and at the same time show a profit.

Trundle engineers were called in to make a cost study. Among other changes, Trundle recommended a rearrangement of the final assembly line and the addition of 9% more employees. A 43% improvement in output was forecast.

Actually, after the recommended changes were in effect, operators maintained an output 60% greater than previously. Reduction in departmental overhead alone, due to increased output, amounted to approximately 35%.

For Profit-minded Executives:-The fee for Trundle services was less than 5% of the annual savings to the client.

Trundle works as a "team" with your executive staff - on problems involving Management, Marketing, Manufacturing, Engineering and Industrial Relation functions. May we give you more information on whom we serve, and how we might serve your company? Write or phone The Trundle Engineering Co., 917 Bulkley Bldg., Cleveland 15, Ohio.

#### THE TRUNDLE ENGINEERING CO.

AND TRUNDLE ASSOCIATES, INC.

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NEW YORK . WASHINGTON . CHICAGO

YEARS OF CONSULTING

Non-farm employment rose for the third consecutive month.

Prices and Wages Commodity spot and futures prices fluctuated within a narrow range during the first weeks of January. Unfavorable weather in the wheat belt early in the month mildly buoyed grain prices, while increased feeding demand had a similar effect on corn prices.

The DUN & BRADSTREET Wholesale Commodity Price Index averaged somewhat below a year ago, as did the Wholesale Food Price Index, in the first half of the month. Consumers, however, were paying about 7 per cent more than a year ago for retail merchandise in most cities.

Production workers' earnings increased in November to \$65.25 a week from the previous month's \$65.21 level. The weekly pay envelope contained 5 per cent more earnings than a year ago when weekly pay averaged \$62.23. Gross hourly earnings, at \$1.62, were 7 per cent higher than the 1950 level. The average workweek was 48 minutes less than last year's.

Production workers in textile mills drew about 5 per cent less pay than a

#### NEW BUSINESS INCORPORATIONS

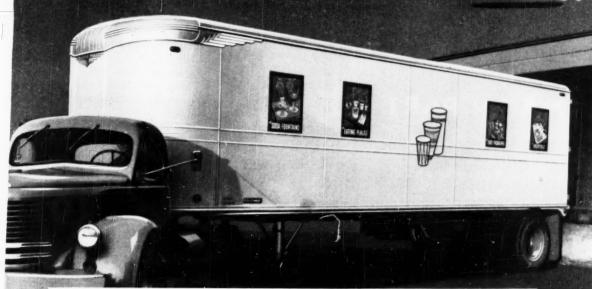
Geographical	Nov.	Nov.	Eleven	Months
Regions:	1951	1950	1951	1950
New England	431	416	4.972	5,570
Middle Atlantic	2,223	2.427	26,501	30,295
Fast North Central	975	947	12,701	14,026
West North Central	28t	285	3,799	4.322
South Atlantic	959	874	11,212	11,825
East South Central	15t	159	2,116	2,685
West South Central Mountain Pacific	390	315	4,581	5,721
	226	248	2,990	3,264
	653	565	7,864	8,437
Total U. S	6,289	6,256	76,736	86,145

#### BANK CLEARINGS-INDIVIDUAL CITIES (Thousands of dollars)

	Dece	mber-	
	1951		Change
Boston	2,384,917	2,267,153	+ 5.2
Philadelphia	4.562,000	4,468,000	- 2.1
Buffalo	450,366	411,952	+ 9.3
Pittsburgh	1,561,172	1,615,194	- 3.3
Cleveland	1.817.899	1,729,280	+ 5.1
Cincinnati	906,923	898,896	+ 0.0
Baltimore	1,135,427	1,059,007	+ 7.2
Richmond	719,432	637,515	+12.8
Atlanta	1,357,500	1,141,000	+18.0
New Orleans	649.532	612,301	+ 6.1
Memphis	564.833	\$15,799	+ 9.5
Chicago	3,712,037	3,748,873	- 1.0
Detroit	2,171,314	2,046,708	+ 6.1
St. Louis	1,300,341	1,302,220	- 0.1
Louisville	702,638	659,653	+ 6.5
Minneapolis	1,317,890	1,261,712	+ 4.5
Kansas City	1,572,904	1,511,388	+ 4.1
Omaha	696,930	687,380	+ 1.4
Denver	591,418	529,388	-11.7
Dallas	1,490,879	1,375,558	+ 8.4
Houston	1,314,131	1,197,383	+ 4.8
San Francisco	2,343,620	2,117,664	+10.7
Portland, Ore	674,159	637,772	+ 5.7
Seattle	684,395	630,540	+ 8.5
Total 24 Cities	34,682,666	33,062,054	+ 4.0
New York	41,575,495	38,757,836	+ 7.3
Total 25 Cities	76,258,161	71,820,790	+ 6.2
Average Daily	3,050,326	2,872,832	+ 6.2

## TRUEHAUF Prailers

save for paper cup manufacturer 5-ways!



#### **1 SAVE WAREHOUSE SPACE**

Initial problem was shortage of warehouse space in Area 1 for seasonal item produced by plant in Area 2. Possible solution was duplication of manufacturing facilities. Figures showed hauling item by Trailer to Area 1, when required, cost less.

#### 2 FACILITATE PLANT SPECIALIZATION

Trailer operation permitted extension of plant specialization plan for 475 container items produced in company's 7 plants. Production savings mounted—plant efficiency increased.

#### 3 MOVE MACHINERY MORE QUICKLY

Engineering Department found that

inter-plant exchange of machinery for production improvements was effected more economically by Trailer. *Transport was direct, safe*. By second year company operated 20 Fruehaufs.

#### **4 CUT PLANT INVENTORIES**

Trailers were also utilized for instant procurement of materials and distribution between plants. Smoothness and efficiency of manufacturing were increased, savings climbed.

#### 5 FASTER DELIVERY HELPS SALES

Freight allocation problems and expensive re-handling were avoided. Flexible, direct delivery proved to be one more major advantage of "Solving Hauling Problems With Fruehaufs."

IMMEDIATE FRUEHAUF FACTORY SERVICE
IN EVERY AREA!



#### A MORE FLEXIBLE HAULING SYSTEM MAY SOLVE A MAJOR PROBLEM IN YOUR BUSINESS!

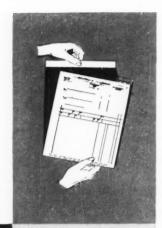
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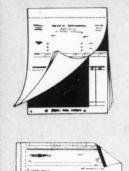
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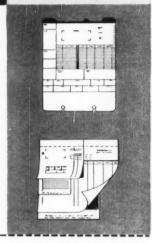






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year ago and apparel workers received fractionally less than they did in 1950. Workers in most industries, however, earned substantially more than a year ago with the sharpest pay increases being received by workers in shipbuilding, aircraft, and other defense and defense-supporting industries.

Trade Orders for new Spring apparel lines as well as for replacement of resort wear and sportswear were placed rather cautiously, but in moderate volume by retail merchants early in January. Home furnishings were the object of many buyers' inquiries and frequent new orders at trade exhibits in Chicago, Grand Rapids, and New York.

With the help of traditional January clearance sales, retail trade rebounded from its annual post-Christmas lull. Although sales were sharply below a year ago when a wave of scare buying swept the nation, dollars spent exceeded the 1950 level by 10 per cent.

Shoppers' response to reduced-price promotions were lively in most parts of the country. Traditional January "white sales" attracted numerous pur-

#### FAILURES BY DIVISIONS OF INDUSTRY

(Current liabilities in			Liabi	
thousands of dollars)	1951		1951	
MINING, MANUFACTURING	1.533	2,074	90,970	95,09
Mining-Coal, Oil, Misc	48	26	6,820	3.339
Food and Kindred Products	200	264	14.474	16,225
Textile Products, Apparel	397	420	14.313	14,900
Lumber, Lumber Products	2.20	312	15,262	11,200
Paper, Printing, Publishing.	89	E12	5,903	5,300
Chemicals, Allied Products.	49	50	6,056	5,60)
Leather, Leather Products	67	103	2,944	4,100
Stone, Clay, Glass Products.	3.1	66	591	2,040
Iron, Steel, and Products	40	71	1,670	5,83
Machinery	100	200	10,350	10,33
Transportation Equipment	1.8	62	937	3,77
Miscellaneous	269	376	8,580	11,346
WHOLESALE TRADE	827	1,016	41,572	33.593
Food and Farm Products	253	277	14.553	11,21
Apparel	41	30	1,265	1.330
Dry Goods	21	26	387	600
Lumber, Bldg. Mats., Hdwr.	57	\$112	3,137	4.424
Chemicals and Drugs	3.2	43	900	971
Motor Vehicles, Equipment.	3.8	71	2,097	1,732
Miscellaneous	392	456	19,233	13,317
RETAIL TRADE	4,088	4.429	72,036	72,60
Food and Liquor	1.003	941	13.870	10.205
General Merchandise	130	208	4.365	4,665
Apparel and Accessories	600	285	0.500	12,92"
Furniture, Furnishings	408	102	12,075	9,94
Lumber, Bldg. Mats., Hdwr.	233	260	4.335	4.930
Automotive Group	310	487	5.215	6,630
Eating, Drinking Places	864	831	16,498	15,020
Drug Stores	108	116	1,845	1,713
Miscellaneous	303	439	5,134	6,551
CONSTRUCTION	957	912	37.473	25,651
General Bldg. Contractors	346	282	19,779	9.23
Building Sub-contractors	577	588	13,653	14.40
Other Contractors	3.4	42	4,041	2,000
COMMERCIAL SERVICE	653	731	16,596	21,25
Passenger & Freight Transp.	200	187	8,216	6.37
Misc. Public Services	27	38	713	2,00
Hotels	22	20	577	1,04
Cleaning, Dyeing, Repairs.		93	1,762	2,24
Laundries	42	47	1,066	1,01
Undertakers	5	10	100	20
Other Personal Services	57	57	677	65
Business Repair Service	205	270	3,485	6,80

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"With such complete service, and with such large resources and wealth of experience, Chase and its Commercial Banking Department are ideal for every type of business with a financial problem.

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The net result of his visit was a plan carefully tailored to our needs. This plan provided us with the necessary funds... funds we could draw on at any time during the period of construction. A conservative repayment schedule was satisfactorily arranged.

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It was a smooth, clean-cut, efficient transaction. And Chase gave us direct, personal service throughout. All in all, from start to finish, it showed us how much "IT PAYS TO DO BUSINESS WITH CHASE."

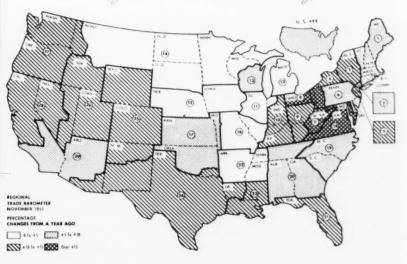
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#### Regional Trade Activity



		-% Change	e trom-			-% Change	e from-
REGION:	Nov.	Nov.	Oct.	REGION:	Nov.	Nov.	Oct.
	1951	1950	1951		1951	1950	1951
United States	335.8	+ 9.9	+ 1.9	15. Iowa and Nebraska	328.6	+ 3.7	- 1.1
1. New England	245.4	+ 7.9	+ 1.9	16. St. Louis	311.1	+ 1.9	- 3.8
2. New York City	261.7	+ 6.9	+ 4.0	17. Kansas City	376.4	+ 9.7	+ 1.0
3. Albany, Utica, and Syracuse	346.4	+14.2	+ 3-7	18. Maryland and Virginia	Bir. E	+22.5	+ 9.8
4. Buffalo and Rochester	335.9	+10.6	+ 8.9	19. North and South Carolina.	374.0	+ 9.3	+ 7.6
5. Northern New Jersey	261.2	+10.2	+ 5-4	20. Atlanta and Birmingham	442.8	+ 6.6	-1.8
6. Philadelphia	310.4	+ 9.6	+ 8.9	21. Florida	426.7	+11.7	+ 4.0
7. Pittsburgh	350.1	+34-4	+ 2.1	23. Memphis	359.5	+ 3.8	- 3.8
8 Cleveland	401.3	+37.6	+10.3	23. New Orleans	425-3	+11.6	- 2.2
q. Cincinnati and Columbus	439.1	+14.6	- 1.6	24. Texas	462.8	+13.8	+ 5.0
to Indianapolis and Louisville	391.9	+12.3	+ 2.4	25. Denver	352.0	+11.6	- 3.9
11. Chicago	292.6	+ 1.2	+ 0.0	26. Salt Lake City	365.0	+11.0	+ 2.2
12. Detroit	343-9	+ 0.5	- 4.3	27. Portland and Seattle	390.8	+10.0	+ 6.2
13. Milwaukee	371.6	+ 5.3	+ 5.0	28. San Francisco	353-3	+12.5	+ 1.0
14. Minneapolis and St. Paul	345-1	+ 2.7	1.0	29. Los Angeles	339.7	+ 5.0	- 2.4

chasers. The Dun's Review Regional Trade Barometer, designed to reflect changes in consumer spending, fell 2 per cent to 326.4 (preliminary) in December and was 4 per cent above that of a year ago.

Failures

A slight rise of 4 per cent in the number of business failures brought the December total to 612 and the year's total to 8,058, or 12 per cent fewer than in 1950. Dun's Failure Index fell to 31 failures for every 10,000 businesses in 1951 from 34 the year before.

Liabilities involved in the month's failures rose moderately to bring the year's aggregate close to \$260 million, well above the \$248 million of 1950. The year's rise was mostly made up of businesses failing in the large liability groups of \$100,000 and more.

Construction failures were more numerous than any time in the past seventeen years. All other industry and trade groups reported fewer failures than in 1950 with manufacturing failures down most sharply with a 26 per

cent drop. All regions but the Middle Atlantic States reported fewer failures than in 1950, the largest drop being in the West South Central region.

Although businesses less than five years old continued to make up the largest share of business failures, they claimed a somewhat smaller portion, 63 per cent, in 1951 than in 1950 when they comprised 68 per cent.

#### THE FAILURE RECORD

.1 30 .7 12 8,0	0.7 34  958 9,0	62 - 12
12 8,0	958 9,1	 62 — 12
12 8,0	958 9,1	 62 — 12
12 8,0	958 9,1	62 — 12
13 1,8		
	142 2.01	S
	142 2.00	C * *
6		
	60 4.7	06 -12
6 1.6	154 1.0	75 - 87
17 4	32 4	16 + 4
1 1.5	33 2,0	74 - 26
6 8	27 1.0	16 - 19
6 4.0	88 4.4	29 - 8
1 9	57 9	12 + 5
8 6	53 7	51 - 11
	37 4 11 1,5 16 8 16 4,0 71 6 18 6	432 4 11 1,543 2,0 66 827 1,0 66 4,088 4,4 71 957 9

 Apparent annual failures per 10,000 listed enterprises, formerly called Dun's Insolvence Index.
 Per cent change of year 1951 from year 1950.

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### The Business Bookshelf

THE CITIZEN'S STAKE IN PRICE CONTROL, by Robert A. Brady. Littlefield, Adams & Co. (Paterson, N. J.), 161 pages, \$1.50.

SMALL BOMBSHELL out of Paterson, N. J., has recently landed in the world of business books. All those interested in forestalling the infinitely deadlier impact of nuclear-activated bombshells could do worse than collide with Dr. Brady's informative missile. For here between two unpretentious laminated covers is an astonishingly tidy case for *genuine* price controls as the only solution to world-wide run-away inflation and the major war that's almost sure to follow.

"The point which it will never do for us to forget is that the United States is such an overwhelmingly great industrial power... that any country closely linked to it must inevitably share in its fortunes and misfortunes to some extent or other." The implications of this statement are convincingly presented; Brady offers dozens of documented examples of important changes in our relations with allied nations directly caused by altered conditions

here at home. He argues deftly for some sort of central co-ordinating agency operating within the framework of our free economy as being the only way we can meet our growing obligations as a world leader and at the same time maintain our economy on a stable footing. And a really workable price-control system, he asserts, must be an integral part of this effort.

Why has price control too often been a pro- rather than an anti-inflationary force in this country, and therefore doomed to failure? The author holds that the various pressure groups—business, labor, farmers, and the rest—are mainly to blame for this; the remedy, he feels, would be the stabilization of prices through a "defense mobilization law" under the direct control of consumer bodies reflecting an active public participation.

The other side of the price control question is ably presented in *The Price of Price Controls*, a booklet obtainable from the U. S. Chamber of Commerce for 50 cents. Admitting there is merit to the idea of controls during crises,

#### CURRENT READING

#### ВООК

HUMAN RELATIONS IN ADMIN-ISTRATION, by Robert Dubin, Prentice-Hall, 353 pages, \$7.35.

CAPITALISM IN AMERICA, by Frederick Martin Stern. Rinehart, 119 pages, \$2.

MARINE INSURANCE DIGEST, by Hugh A. Mullins. Cornell Maritime Press (Cambridge, Md.) 287 pages, \$5.

HARVEY FIRESTONE: FREE MAN OF ENTERPRISE, by Alfred Lief. McGraw-Hill, 324 pages, \$3.

WHERE DO YOU GO FROM NO, by Leon Epstein. Sales Research Institute (New York), 238 pages, \$205.

TAX SHELTERED INVEST-MENTS, by W. J. Casey and J. K. Lasser. Business Reports, Inc. (New York), 138 pages, \$12.50.

SECURITY ANALYSIS, by B. Graham and D. L. Dodd, McGraw-Hull, 770 pages, \$7.

#### SUMMARY

A distinguished sociologist, aided by an impressive group of colleagues, has plumbed the depths of modern management theory and come up with new approaches to perplexing employee problems.

Subtitled "A Classless Society," this series of letters to a French pro-Communist persuasively points to the American economy as the sole road to social and economic justice.

Of great value to shippers and others is this recent index of all important marine insurance terms, prepared by the chairman of the Association of Average Adjusters.

An informal, straight-from-the-shoulder biography of the founder of one of our mammoth rubber concerns. The account of his rovings with Ford, Edison, and others is particularly beguling.

A selling book with a difference. The myriad of impasses that salesmen are heir to are bowled over with an aplomb and effectiveness for which the author is famous.

A tightly multigraphed handbook of sage advice on how to choose and develop investments offering maximum income yield coupled with minimum tax loss.

Considered in financial circles an important work on the subject, this completely rewritten third edition contains new material on stockholder relations and public utility stocks.



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prices are subject to change
prices are subject write fo 16034 Fullerton Ave. . Detroit 27, Mich. this booklet attempts to show that in actual practise their efficacy breaks down. The criticism is directed wholly at previous systems, with virtually no consideration given to the possibility of improvement.

Following the text is a series of interesting appendices, offering historic material on the subject, covering vain price control ventures from ancient Rome to modern Norway.

THE FUNDAMENTALS OF TOP MANAGE-MENT, by Ralph Currier Davis. Harper & Bros., 825 pages, \$6.

In politics, as everyone knows, there are too many politicians and too few statesmen. Professor Davis believes the same thing applies to business, and in his latest book offers a definitive program for helping the numerous "politicians" of the business world to become the "statemen" so sorely needed to lead our complex economic structure, with its growing ramifications in the social and political spheres.

The author's emphasis, therefore, is on the more intangible aspects of modern management, such as basic policy formation, adaptability, and what is termed the "philosophy" of management. Even throughout the many sections describing detailed procedure, the distinction is constantly made between managerial and purely operational functions. Perhaps the strongest chapters are the ones dealing with business organization, that being Professor Davis' specialty at the Ohio State University.

FIFTY BILLION DOLLARS, by Jesse H. Jones and Edward Angly, Macmillan, 631 pages, \$6.

The fascinating story of the RFC, from its unheralded inception during the Hoover administration up to its controversial and uncertain present, is told in the Texas twang of its twelvevear administrator. Its colorful prose is larded with vignettes of personalities famous and infamous, among them Eisenhower, Byrnes, Roosevelt, Hopkins, and Wallace; the inclusion of numerous photographs, political cartoons, and letters, many of them unpublished till now, adds immeasurably to the book's interest. Hitherto unpublicized historical facts are also brought to the surface, such as a sixteen

## "the results obtained therefrom

exceeded their utmost expectations

\*an excerpt from the Report of the Proceedings of a Special Meeting of the Judicial Conference of the United States-

March 24-25, 1949, Washington, D.C.

In July, 1948, a now famous study began in the United States District Court, District of Columbia.

A Recordak Microfilmer (commercial model) was installed. The purpose—to weigh the possibility of substituting microfilm records for the standard type of court minute and order books, which required manual

Eight months later—at the Special Meeting of the Judicial Conference of the United States—authorization was sought by the Chief Judge and Clerk of the U. S. District Court (D.C.) to begin a microfilming program. In this connection it was estimated that:

"... the cost of the new system would be less than one dollar for every twenty-five dollars of costs under the present system.

"... one file cabinet, approximating 3' x 3' x 6' in size would provide adequate and sufficient storage space for the records involved for thirty-five years . . .

"... the business of the court would be considerably expedited.

". . . the services to the bar and litigants materially improved."

Result: On April 20, 1949, authorization was granted by the Judicial Conference of the United States to the Clerk of the United States District Court (D.C.) to maintain district court records on microfilm in lieu of order and minute books-

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million dollar loan to the Franco regime at the conclusion of the Spanish Civil War.

MANPOWER RESOURCES AND UTILIZA-TION, by A. J. Juste and Charles D. Stewart. John Wiley and Sons, Inc., 535 pages, \$6.50.

If anyone is perplexed by labor force statistics let him give ear to what Mr. Jaffe and Mr. Stewart have to say. The authors' concern is not with unemployment or its opposite as isolated phenomena. Theirs is the classic approach, viewing the totality of human resources in the context of the social, political, and cultural milieu of our time.

The reader is lured behind statistical curtains. The effects on the working force of technologic innovations, population growth, labor migrations, and national defense preparations are there discovered in a lengthy but skillful and well documented analysis. This work should lay the groundwork for improved understanding of manpower problems and for the future unravelling of their intricacies.

SOME THEORY OF SAMPLING, by William Edwards Deming. John Wiley and Sons, Inc., 602 pages, \$9.

Poker players and crap shooters welcome any new material on the theory of probability, but here is a study of its application which may better serve the uses of business. With the geyserlike gush of surveys from Government and business offices currently deluging the executive desk in unremitting and overwhelming abundance, it behooves the man of business to be as capable of detecting flaws in the surveys of others as it is to avoid them in his own surveys.

Here is told the precision at which to aim, the possible sources of error, and the laying of plans for surveys. Also to be gleaned from this study is the method for achieving desired precision at the lowest cost by a mathematical designing of the sample and, finally, the way to appraise results once the survey has been completed.

The two actual problems used for an illustration of sampling theory include an estimation of inventories and a population sample. The last section of the book is a rigorous treatment of advanced mathematical sampling theory, not recommended for those trained only in high school algebra.

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Hertz is the world's largest truck and passenger car rental organization . . . with 27 years' experience. You, too, will find it pays . . so why not learn full details now? Write Hertz Driv-Ur-Self System, Inc., Dept. H22, 218 South Wabash Avenue, Chicago 4, Illinois, for an interesting folder giving complete information.

Look in your telephone directory under "H" for your local Hertz station

NATIONAL HEADQUARTERS HERTZ Driv-Ur-Self SYSTEM DEPT. H22, 218 SOUTH WABASH AVENUE, CHICAGO 4, ILLINOIS

BULK LIQUIDS

GATX

SHIPPED



## GATX TANK CARS designed and built for the safe shipment of bulk liquids. The GATX fleet of more than 43,000 tank cars is serviced and maintained in General American's own shops.

# cover 5 of the biggest markets in the U.S. with all the advantages of your own tank farm. Modern pipelines, tanks, docks, labor and trained supervision and administration. Terminals at Houston and Corpus Christi, Tex.; and Chicago, Ill.; with special canning and drumming facilities at General American's Carteret, N.J. (Port of New York), and Goodhope, La. (Port of New Orleans) terminals.

TANK STORAGE TERMINALS

#### WIGGINS FLOATING ROOFS

(Hidek shown)

are built by General American for your own storage and conservation of petroleum products. They reduce "breathing" and pumping losses—pay for themselves quickly.

## STORED

When you use the leased facilities of General American's GATX tank car fleet and Tank Storage Terminals, you eliminate the expense and "headaches" of going into another business not your own. You risk no capital—yet use the specialized equipment required for your product. You get all the advantages of private ownership plus knowing what your costs will be.

## **SAFELY**

#### GENERAL AMERICAN TRANSPORTATION CORPORATION

135 South LaSalle Street . Chicago 90, Illinois

District Offices: Buffalo • Cleveland • Dallas • Houston • Los Angeles • New Orleans New York • Pittsurgh • St. Louis • San Franciaco • Seattle • Tulsa • Washington Export Dept.: 10 East 49th Street, New York 17, New York



## ANNUAL STATEMENT

30TH NOVEMBER, 1951

#### CONDENSED GENERAL STATEMENT

#### ASSETS

Cash, Deposits with, and due from Other Banks	\$ 98,876,158.
Dominion and Provincial Government Securities Municipal and Other Securities Municipal and Other Securities Se	155,559,000.
Municipal and Other Securities	26,934,030.
Call Loans (secured)	5,739,225.
Commercial and Other Loans	189,574,623.
Bank Premises	7,906,358.
Customers' Liability under Acceptances and Letters of Credit as per contra	4,490,639.
Other Assets	58,494.
Total Assets	\$489,138,527.

#### LIABILITIES

LIABILITIES		
Deposits		\$462,152,123.
Acceptances and Letters of Credit Ou		4,490,639.
Other Liabilities		330,720.
Dividends declared and unpaid		330,645.
Capital	\$ 6,000,000.	
Reserve Fund	14,000,000.	
Undivided Profits	1,834,400.	
		21,834,400.
Total Liabilities		\$489,138,527

B. S. VANSTONE, President
L. G. GILLETT, General Manager



#### THE BANKOFTORONTO

Incorporated 1855

Head Office: Toronto, Canada Branches Across Canada

European Representative: 146 Leadenhall St., London E.C. 3, Eng.

Correspondents all over the world

## HERE and

#### THERE

Brains out of Retirement—When computsory retirement ended the services of many brilliant management men their creative abilities frequently were put in "moth balls."

To-day, scores of such men are assisting the small as well as the inexperienced business man who ordinarily could not afford to hire such talent.

One organization is Management Counselors, Inc., New York City, offering a panel of about 40 experts in 34 industrial lines as well as in banking and the public utilities. Its members reside in communities from coast to coast. For a modest fee this group gives seasoned advice on all problems.

The Mohawk Development Service, Inc., Schenectady, N. Y., composed of retired engineers and draftsmen from the General Electric and American Locomotive Companies, is a busy concern. It provides engineering and drafting services and consultation on electrical and mechanical problems. More than a dozen oldsters, ranging in age from 66 to 74, are employed and they draw the same hourly rates as General Electric pays for comparable work. Clients have ranged from the General Electric Company to the Atomic Energy Commission.

The small business man, the widow, and other residents of Wilmington, Del., needing business advice, may turn without payment of fee to Consulting and Advisory Services, Inc. This is made up of a group of retired executives of large and small industries. It presents the talents of about 30 of the ablest retired men in different fields.

One of the prime movers is Maurice du Pont Lee, former general adviser to the engineering department of E. I. du Pont de Nemours & Company. Mr. Lee and a group of associates conceived of the organization after informally helping numerous "little people" who needed sound business advice.

A group recently organized by Mr. A. H. Hughey is known as Consultants, Incorporated, of El Paso, Texas.

This not only furnishes counsel but contemplates acting as an agent in getting clients in touch with capable advisers in the same line of work. Retired executives of the International Harvester Company in Chicago also have set up a consulting organization.

Turbine generators which will save scarce copper by up to 50 per cent in their manufacture were announced by the Westinghouse Electric Corporation. The drain on United States copper resources should be eased in the future by a newly developed system for cooling the giant generators which produce the nation's electric power.

The new design will allow a given amount of copper in a large generator to produce about 50 per cent more power than now possible, which means that smaller generators will be meeting our current defense needs. A generator using the same amount of copper as present large units will be capable of filling up to 50 per cent larger power requirements.

The use of another short material, electrical steel, will also be considerably reduced by substitution of the larger power units, while smaller housing casements for future generators may allow a saving on scarce building materials. The new hollow coil cooling technique, applicable to turbine generators having a rating of 90,000 kilowatts or more, permits the hydrogen cooling agent to be placed in direct contact with the naked copper.

Travelling at high speeds the gas soaks up the heat and carries it off for disposal, then recirculates throughout the coils. Formerly the cooling agent was passed over insulated solid copper coils, allowing the hydrogen to pick up only a limited amount of heat, the remaining heat causing expansion of the metal and limiting the useful life of the generator.

Quick photocopies may now be made of blueprints, letters, schematic drawings, legal documents, or other important papers with the recently developed APECO Auto-Stat. Less than 45 seconds is required, according to the American Photography Equipment Company, for reproduction of a black on white facsimile of the original.

First, the original drawing or docu-









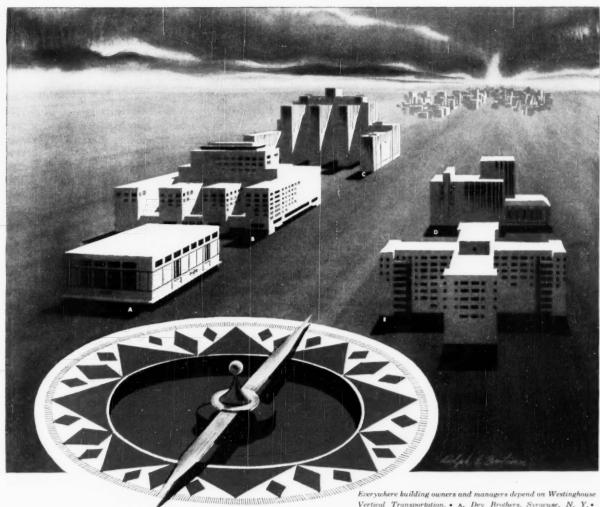
A comely secretary takes, in a matter of seconds, the white reproduction from a previously exposed original as the sheets emerge together from her Auto-Stat after beginning the copying operation.

ment should be put face to face with a piece of photosensitive paper and exposed briefly to light in the contact copier. When the original is removed with the exposed negative it may be filed. The negative can then be inserted in the copier with a blank piece of white paper on which the copy is desired to appear.

After a moment of exposure the white copy and negative are removed and peeled apart. One advantage of the process is that light need not pass through the original. The physical smallness (see illustration) of the equipment should make it practical as a standard piece of desk equipment. The process is relatively simple.

Three-dimensional hearing is now made commercially available for businesses desiring accurate transcriptions of conferences and for industrial research into sound vibration, noise, and multi-sound phenomena. Produced by Magnecord, Inc. of Chicago, the system is based on the same principle as that of stereoscopic viewing of pictures.

Human ears are selective in that they can be focused on a particular sound enabling the listener to eliminate what he does not want to hear and concentrate on the particular talking, instrument vibration, or noise to which he wants to listen. Thus, in conferences, whenever two or more persons talk at once the listener may choose the statements made by only one person and



### Everywhere dulang owners and managers depend on Westinghouse Vertical Transportation. • A. Dey Brothers, Syracuse, N. Y. • B. Statler Hotel, Washington, D. C. • c. Presbyterian Medical Center, N. Y. C. • D. WGN Bldg., Chicago Tribune, Chicago. • E. Hunting Towers Apts., Alexandria, Va.

#### FOLLOW THIS COURSE...

### when planning for Vertical Transportation

Today, more than ever before, planning for the future must be the keynote of management thinking.

And if you face any problems involving vertical transportation, follow this course in making your plans: Get the facts about the products of several elevator manufacturers. When you have the facts, you're able to make comparisons. And once you make comparisons, you can be sure your planning can proceed with the vertical transportation that best serves your building.

Through the years, Westinghouse engineering ac-

complishments have stimulated the vertical transportation industry to work for ever-higher quality standards. In every phase of vertical transportation—equipment, maintenance, and service—Westinghouse has set the pace. So, whenever you're planning projects that call for vertical transportation—see Westinghouse before you decide!

For information on how Westinghouse can help you plan, write Westinghouse Electric Corporation, Elevator Division, Dept. W, Jersey City, N. J.

### YOU CAN BE SURE ... IF IT'S Westinghouse

PASSENGER ELEVATORS . ELECTRIC STAIRWAYS . FREIGHT ELEVATORS . MAINTENANCE & SERVICE

#### **Cut copy-checking**



#### photocopy machine

When records are copied manually, copy-checking is usually necessary—which adds to the cost... but doesn't eliminate the possibility of errors.

The solution is simple: Let your photocopy machine serve all departments. Then the need for costly manual transcription and copy-checking is greatly reduced . . .



It's made by Kodak for use in all types of contact photocopiers...reproduces all documents in dense photographic blacks, clean whites . . . with new legibility. And it's easier, more economical to use—no more split-second timing or trial-and-error testing. Order it . . . and see for yourself.

Kodagraph Confact Paper

"THE BIG NEW PLUS"
IN THE OFFICE COPY FIELD

EASTMAN KODAK COMPANY
Industrial Photographic
Division
Rochester 4, N. Y.

readily comprehend whatever is said.

Two microphones placed about six inches apart (to approximate the relative position of human ears) record separately on standard one-fourth inch sound recording tape to produce the same recorded effect when played back as if the listener's ears were actually present at the time of the recording.

Particularly effective when reproduced over two independent headphones the same effect is produced when two equi-level loud speakers are strategically placed in an acoustically designed room.

Warning flashes appear and bells clang on a central monitor unit whenever the temperature at any one of as many as 48 remotely located points rises above a pre-set danger point. Recently developed by the National Bureau of Standards for use aboard ships, the 48-Point Temperature Monitor embodies possibilities for industrial application wherever constant checking of an installation is necessary to safeguard against overheating at any of its critical points.

Trouble-shooting is simplified and made instantaneous with the flash of a master light, or sound of a bell, on the central control panel. Smaller lights arranged in rows flash individually to indicate the exact spot of overheating. The temperature at a given point can then be checked by plugging a meter into the circuit that connects with the questionable point.

The monitor covers a range of from 100 to 400 degrees Fahrenheit and accuracy varies from plus or minus four degrees at the lowest point to plus or minus ten degrees at the highest. Each circuit can be individually set to trigger the alarm at any temperature within the given range.

Electrostatic painting has recently been made more efficient by adaptation of a new process developed by the Ransburg Electro-Coating Corporation of Indianapolis. Known as the No. 2 Process, it features a coating device in which the coating material is converted to a fine spray of electrically charged particles and deposited on a grounded series of objects to be coated. The process, with its nearly complete automatization of spray painting, eliminates

the need for relying on human skill and should permit users a large saving on the number of man-hours spent in more traditional methods.

Since the deposit is made on a principle similar to that by which a magnet attracts iron or steel filings, there are practically no wasted paint, lacquer, or other coating particles to escape into the surrounding atmosphere. Despite the electrostatic nature of the process, it is claimed that wood, glass, rubber, or plastic items can be coated as well as those of metallic conducting materials. The coating materials too can be either conducting or nonconducting.

Cash Control—Eliminating the bottleneck of salesgirls waiting in line to draw their "bank" in the morning and turn in their receipts at night is an automatic system installed at Gimbel Brothers, Inc., New York City department store. This makes each clerk responsible for her own cash.

Designed by Arthur Mosler of the Mosler Safe Company, the new system has been installed in all departments of the big store after being tried out experimentally for four months on two floors. It is called the "Mosler Decentralized Cash Control System."

The former method at Gimbel's employed three cash control stations where the hundreds of clerks from the twelve selling floors gathered to pick up their \$30 change funds each morning and make deposits each evening.

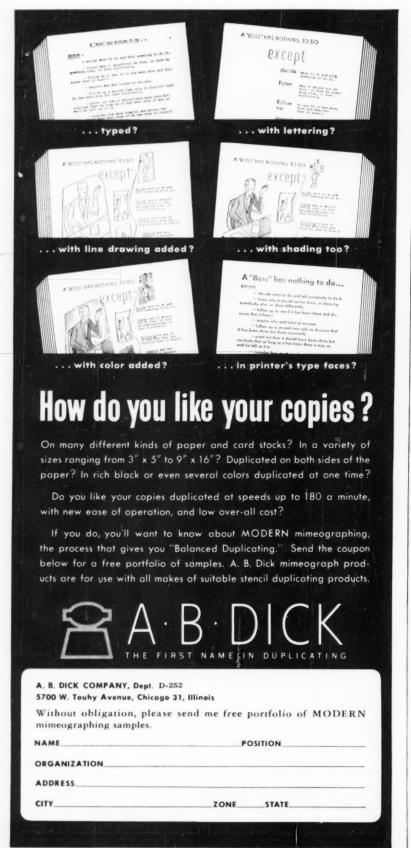
The current plan provides safe deposit boxes for the change funds and a receipt-giving depository. The twelve compact installations are fire and burglary resistant. Each clerk is assigned an individually locked safe deposit compartment, containing a plastic cash box. They likewise receive a cylindrical key which cannot be duplicated.

The plastic containers are visible coin boxes, ruled to expedite coin counting. The top portion will hold up to \$50 in bills, thereby taking care of most girls' individual needs.

Instead of turning in her money at a window the salesgirl puts her day's receipts in an envelope on which she writes an itemized statement of cash received. She deposits the envelop in a slot in the robot teller which receives, receipts, and deposits the money. The device is mounted on top of a Mosler



Prepared by The Griswold-Eshleman Co. advertising agency for The Brush Development Co., Cleveland, Ohio Fulton Sylphon Division • Robertshaw-Fulton Controls Co., Knoxville, Tenn.



safe conveniently located on her floor.

A stroke of a lever cuts the top of the envelop so that the bottom portion holding the currency drops into a canvas bag within the safe. Simultaneously the store's name is embossed on the receipt portion and the embossing cut in half. One half of the embossed portion is attached to the currency container while the other half is on the receipt retained by the clerk. It is possible to check the authenticity of a receipt at a later date by matching the embossing of the severed edges. If a clerk tries to deposit only the receipt the machine will not emboss it.

The die is cast at injection speeds of up to 400 feet a minute in the new H-P-M Model 400-AB Die Casting Machine developed by The Hydraulic Press Manufacturing Company of Mount Gilead, Ohio. Designed for the production of large aluminum castings weighing up to twelve pounds, it may also be used for brass and magnesium die casting. The increased injection speed is the result of a special nitrogen accumulator system built into the die casting machine.

In addition to high-speed plunger action, injection pressure build-up is instantaneous. There is no pre-fill valve to close. Maximum injection pressure is achieved when the die is filled, with no drop in pressure, enabling castings to be formed that are relatively free of porosity. A built-in hydraulic ejector saves time, reduces die costs, and mini-

mizes operator fatigue.

Radio-active dusts, beryllium oxide particles, and other dangerous matter may now be adequately screened out by a new respirator that has recently been developed by Mine Safety Appliances Company of Pittsburgh, Pa. Called the Comfo Ultra-Filter Respirator, it can, the manufacturers claim, filter out particles as fine as those present in tobacco smoke.

The company pointed out its possible use for emergency requirements against bacteriological warfare or atomic dust. The filter material contains a high percentage of asbestos fibers assembled in several metal bound layers, thereby presenting a large surface area with low resistence to breathing. The mask itself is designed to fit under all types of

# What's your stake in adequate railroad revenue?

Because railroad service is vital to the life and progress of the nation and everyone in it, you have a real stake in railroad health and prosperity. That's why America's railroads feel that you will want to know about their need for more revenue—to enable them to keep on meeting your transportation needs and those of the nation.

It takes money to keep up tracks and buildings and signals . . . to keep cars and engines in running condition . . . to operate trains and turn out transportation service.

It takes still more money to buy new cars and locomotives, lay heavier rail, install improved signals, build better shops, and make all the other improvements necessary to keep pace with national transportation needs.

Since the end of 1945, the railroads have spent an average of more than a billion dollars a year on improvements alone — including more than 400,000 new freight cars and 14,000 new locomotive units.

But still more is needed — and since fighting began in Korea the railroads have ordered 200,000 freight cars and more than 6,000 new units of locomotive power.

In part this has been - and is being - financed

through installment buying of cars and locomotives; in part, through drawing on the working capital of the railroads.

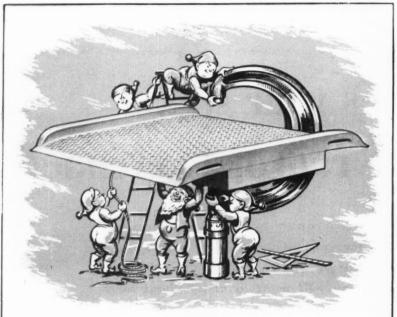
But this working capital has now been diminished to where the railroads have in their treasuries only enough to cover current cash expenditures for less than a month.

National needs of commerce and defense require that expansion and improvement of facilities *must* go on. To meet the expenditures necessary, the railroads can no longer rely on reserves. They must depend on the kind of financing which can be supported only by earnings more nearly adequate than in 1951.

Such earnings — needed to sustain the credit without which the railroads could not continue their vital program of building to meet transportation demands — can come only from freight rates based on current costs.

#### **Association of American Railroads**

Transportation Building, Washington 6, D. C.



## How do YOU measure a Dock Board?

WEIGHT

#### MAGLINER MEASURES UP!

Magnesium-light! Easily handled by ONE man!

#### MAGLINER MEASURES UP!

All-magnesium, bridge-type construction. Capacity-rated. Strength-to-spare for the heaviest loads and equipment!

#### MAGLINER MEASURES UP!

Long service life. PROVEN on loading docks all over the country!

#### MAGLINER MEASURES UP!

Overall lightness reduces lifting accidents! Exclusive, automatic drop lock prevent dangerous slippage. Inclined safety stringers prevent truck roll-offs and tire damage.

#### MAGLINER MEASURES UP!

Low initial cost. Substantial savings through increased production – faster, smoother traffic flow!

GAIN INCREASED LOADING CAPACITY WITHOUT INCREASING COSTS! WRITE TODAY FOR DESCRIPTIVE BULLETIN DB-204.



MAGLINE, INC. . P.O. BOX 350 . PINCONNING, MICHIGAN

welding helmets or may be used alone.

Protection of steel pipes from underground corrosion has been found to be most effective with the application of a small negative electrical charge on the metal surface. Messrs. W. J. Schwerdtfeger and O. N. McDorman, both of the National Bureau of Standards, have discovered in laboratory tests that the best results occur when a negative charge of 0.77 volts is applied.

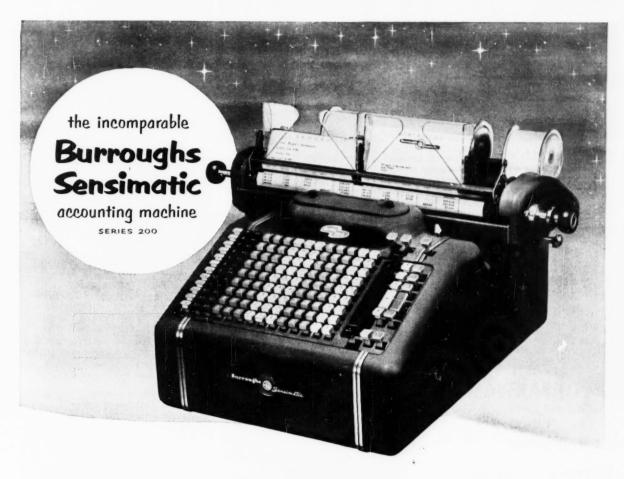
The cost of pipe maintenance and replacement due to corrosion, currently running about \$600 million a year for the nation, may now be greatly reduced with wide industrial acceptance of the new anti-corrosion technique.

Earlier investigations by workers in the field indicated that most corrosion of underground iron and steel is traceable to the electrical differences between the metal and the surrounding soil. The protective charge of minus 0.77 volts should be sent, according to the Bureau, by direct current from an external source toward the corroding surface of the metal.

This tends to equalize the charges of the metal and the soil, considerably minimizing the soil's corrosive action. The exact voltage was arrived at by weight-loss measurements on electrodes maintained at the selected potential in five different kinds of corrosive soils at the Bureau's laboratory.

A metal-stretching machine invented by Cyril J. Bath of the Cyril Bath Machinery Company in Cleveland should bring jet airplane manufacturers another step closer to mass production. Called the Rotary Draw Former, its size ranges from a twelve-and-a-half ton model to one weighing 100 tons and looks like the turntable and arm of a Gargantuan record player. The metal is stretched by the arm and drawn around a centrally placed die as the table slowly turns.

It is designed to mold such tough, high-temperature resisting alloys as are found in the after-burner sections and combustion chambers of the most recently developed jet craft. Among metals successfully processed on the device, according to the Company, are Inconel, Haynes Stellite, Vanadium, and Titanium. The indicated accuracy of the machine ranges up to ten thou-



#### Providing more of the answers that are

### helping America get things done!



Today America has to get big things done—in a burry. Never before has efficient production been so vital... never before have production goals been

More production requires more facts—more on-time information for formulating productive plans . . . for controlling efficient operations.

American business is getting these facts from the sensational new Burroughs Sensimatic with multiple registers.

The Sensimatic meets the accounting requirements of every business. Its exclusive "mechanical brain" guides it with amazingly swift simplicity. It changes from one job to another instantly—at a turn of the job selector knob. And, with all its unique advantages, the Sensimatic costs hundreds of dollars less than any other accounting machine which even begins to approach its usefulness.

The versatile Burroughs Sensimatic can help your business get the answers you need, for the production America needs right now.

Call your Burroughs office for a demonstration today getting more things done tomorrow. Burroughs Adding Machine Company, Detroit 32, Michigan.

Here's the source of Sensimatic magic!

This is the Sensimatic's mechanical brain —the control panel that directs it through any four separate accounting operations in any combination. The operator turns a knob—the Sensimatic is ready for any job! Any number of control panels can be used in a single machine.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs

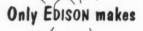


"Bless EDISON TELEVOICE! It gets me through a mountain of written work as easily as talking on the phone. I just pick up my Televoice phone and talk. It's always connected to the recording instrument which my secretary keeps on her desk. I enjoy a direct line from thought to action!"



1 girl serves 20 dictators!

Or more! Forget the secretary shortage--and begin to use secretarial capacity you never dreamed you had. TELEVOICE cuts instrument dictation costs as much as 66 2/3%. Just put a TELEVOICE station at every desk--and watch how fast the work flows out!



TELEVOICE ... the simple,

economical phone-

system for dictation!



Ideal running mate!

Famous DISC EDISON VOICE-WRITER, with exclusive

High-Definition recording, integrates perfectly with the TELEVOICE system for those who want or need a heavy-duty instrument all their own. For every dictating situation, you can always rely on EDISON!



Eye-opening booklef! Ideas and help by the bookful! And the whole sensational success story of TELEVOICE. Send for your copy--now! Or arrange demonstration by phoning our local representative. In Canada: Thomas A. Edison of Canada, Ltd., Toronto 1, Ontario.

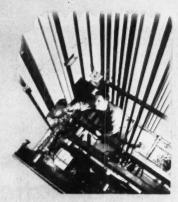
#### EDISON TELEVOICEWRITER

ZONE\_\_STATE\_

The Televoice System



Ediphone Division
West Orange, New Jersey



#### TELEVOICE SPEEDS SERVICE FOR OTIS AT 53% LOWER COST!

Up to 24 hours saved! From onthe-spot inspection reports, the General Service Manager's office (see photo below) of Otis Elevator Company writes detailed service instructions that keep more than 47,000 elevators running at top performance.

Here, speed is essential. Thanks to EDISON TELEVOICE, dictated maintenance instructions and estimates are now turned into typed orders in a matter of minutes. Previously, delays ran up to 24 hours.

At Otis, four TELEVOICEWRITER recorders (one shown below) serve 35 low-cost TELEVOICE phones in 11 departments. They replace 39 old individual instruments which had become obsolete—at a saving in equipment cost alone of 53%! And Otis reports other big plusses in swift, convenient service and "amazing" transcription accuracy.



Thousands of businesses—large and small—in all fields agree with Otis that TELEVOICE is the handier, faster, more direct line to action on written work. You owe it to yourself to learn how EDISON TELEVOICE can speed your flow of business and save you money! Mail the coupon

today — or call our representative.



sandths of an inch in both the cross section and diameter.

Missile tracking, flight testing, and ordnance evaluation are three of several possible industrial uses of a high-precision synchronized motion picture camera system now manufactured by J. A. Maurer, Inc. of Long Island City, N. Y. Known as the Maurer Servo-Sync Camera Drive System, it makes possible the simultaneous operation of a series of cameras to a close tolerance. It was originally designed by Origins, Inc. of Saybrook, Conn.

The maximum possible deviation of the shutter position in this system, in which circular rotating camera shutters are used, is less than one degree. This at a rate of twelve frames a second would be equivalent to an accuracy of 23 microseconds. At 50 frames a second the angular deviation is still approximately one degree, but the maximum deviation in time accuracy is 35 microseconds.

The system may also be used in three dimensional studies where two geometrically oriented cameras are required for simultaneous recording. There is no practical limit, however, to the number of cameras or projectors that may be synchronized by this precision method.

**Directions in the sky** may be obtained from the sky compass developed for the United States Air Force by Sperti Faraday Corporation. The sky compass is designed primarily for the



"What makes me think I'm worth \$10 a week more? Why, er, my wife, I guess."

## What do you want in an electric truck . . .



#### SPACE-SAVING?

More room for storage and production too—that's another plus the RAYMOND Low-Lift offers! It's so short, it right-angle picks up and spots unit loads in aisles only 5-ft. wide. Just think of the space you can save per aisle.



#### LIGHT WEIGHT?

No more time lost moving materials from one floor to another!
The light-weight RAYMOND Low-Lift operates safely on low-capacity elevators, on lighter-capacity floors—has patented\* knee-action swivel caster to compensate for uneven floors.

#### SPEED?

Clock this new RAYMOND Low-Lift Electric Truck—see how it speeds up long hauls, stock picking, loading, unloading! Actually travels up to 6 mph empty, up to 5 mph loaded—features fast starting and stopping. Operator rides in a safe standing position, protected by metal guard.



#### MANEUVERABILITY?

Use the RAYMOND Low-Lift in narrow aisles and cramped production areas previously accessible to hand trucks alone! See how easily it operates in truck trailers, boxcars, elevators. The secret — its short length and patented\* off-set drive wheel with 200° turning arc.



<u></u>	
RAYM	LOW-LIFT • RIDER-TYPE ELECTRIC TRUCK
	Patent No. 2,564,002
	The RAYMOND CORPORATION  Formerly LYON-Raymond Corporation
TODEL EL4F for single and puble-face pallets. Capacity 000 lbs. Also available for andling skid platforms—Model	4665 Madison St., Greene, N.Y.  Gentlemen. Please send me Bulleun 750, which tells the full RAYMOND Low-Lift Electric Truck story

DUN'S REVIEW

ELECTRIC INDUSTRIAL TRUCKS

HYDRAULIC ELEVATING EQUIPMENT

# 20-MILLION People See Business Motion Pictures every week "FREE"

Before clubs, schools, churches, lodges, labor unions and other groups, American business, using the medium of sound motion pictures, is telling its story to a vast audience every week.

These motion pictures now reach a known audience of 20 milion people every week—more than a third of the nation's weekly attendance at movie houses—a greater audience than the biggest Hollywood audience getter of all time.

Business is getting its message across to millions of Americans—at a very low cost. As an advertising and public relations medium, the impact of sound motion pictures is second to none.

The Princeton Film Center, Inc. with more than a decade of motion picture production and distribution experience, serves a long list of clients who recognize the important fact that we produce more motion picture value per dollar than any other quality producer. Write now for our brochure.

#### THE PRINCETON FILM CENTER, INC.

300 Park Avenue, New York, N. Y., Plaza 5-0322
1714 Chestnut Street, Philadelphia • Princeton, N. J.

"It's <u>amazing</u> how they turn out payroll work!"



"Our Payroll Dept, used to work hours and hours each week on records...Cost us a lot in overtime, and we had so many headaches!

"Now the Recording and Statistical Corp. turns out our payroll records on their high-speed automatic tabulating machines.

"It's amazing how fast this repetitious work is done *electrically*. Our office force couldn't possibly

compete. Furthermore, we now save thousands of dollars each year!

#### Send for FREE brochure now!

See how we can turn out your completed payroll registers and other payroll data exactly as you want them. (Other tabulation services; sales, orders, prices, costs, inventories, vouchers.) Why not get in touch with us now?

RECORDING & STATISTICAL CORP.

CHICAGO BOSTON DETROIT MONTREAL TORONTO 100 Sixth Avenue, New York 13, N.Y.

use of aircraft flying in the arctic regions. With the long Winter nights, there is no sun to give direction and the magnetic compass cannot be used. The polarized compass works on the principle that the polarization of the sky is always maximum at right angles to the direction of the sun.

Knowing the time and the angle of maximum polarization in the sky, calculations as to the compass direction can be made. An integral part of the instrument is the cross polarized striped plate developed by Polocoat, Inc., by means of which the direction of the sky's polarization can be detected.

Less lethal automobiles constitute the goal of an important new research program at Cornell University. In general, modifications in automobile design will be sought that will give the rider greatly improved chances of emerging from accidents without disfiguring or disabling injuries.

The Cornell Committee for Transportation Safety Research will conduct a detailed survey of the specific structural elements and other factors in automobiles which cause injuries and deaths in what would otherwise be survivable automobile accidents.

Among contemplated projects will be engineering studies to produce safer windshields, dashboards, and steering wheels, and protective basic features throughout the entire vehicle. Findings of the Committee will be submitted to automobile manufacturers for use in future design.

Replacement of free sulfur in natural and synthetic rubber furnace black stocks by an organic sulfur-containing compound, Sulfasan R, is now possible. The compound, recently made available to industry by Monsanto Chemical Company, was developed by that Company's rubber chemicals department to reduce scorch or prevulcanizing which occurs in highmodulus and high-abrasion furnace black stocks when free sulfur is used as the vulcanizing agent.

The new compound is said to delay scorch time by two to three times that of free sulfur at a processing temperature of 135 degrees centigrade. It provides equally high modulus and tensile values, according to the Company, at





vives MAXIMUM STRENGTH with MINIMUM WEIGHT



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The total sulfur content of rubber stocks containing the compound is less than half that required to obtain equivalent cured physical properties when using free sulfur.

Rubber-impregnated leather packing has recently been developed in a new form by E. F. Houghton & Company of Philadelphia. Known as the No. 1243 VIM Leather Packing, it was designed to combine the strength and lower friction of leather with the sealing, resilience, and heat-resistant qualities of rubber. The packing will withstand temperatures up to 200 degrees Fahrenheit in contrast to those using impregnant based on waxes which soften at around 150 degrees.

Soldering carbon directly to metal is now possible by a new process developed by the Stackpole Carbon Company of St. Marys, Pa., making it unnecessary to use costly fixtures formerly necessary for bolting or clamping the carbon units in place. By having the carbon soldered directly to metal supports the user gains all the advantages of carbon for contacts, small brushes, friction devices, and for many other purposes.

Heavy duty nylon fabric has been developed by Remington Rand Inc. for use where machine requirements need exceedingly strong fabric yet without sacrifice to the quality of printwork, especially for electric office machines that have hard platens or where there is excessive fabric wear. The new TOPflight Heavy Duty Nylon ribbons occur in all black, or black with red in one-half inch by twelve yards and in nine-sixteenths by fourteen yards. Inking degrees range from Executive Elite and Executive Pica to Intense.

Glass paper has been developed for the first time at the National Bureau of Standards in co-operation with the Naval Research Laboratory. Composed entirely of glass fibers with no additive, the paper was evolved from fine glass fibers, mixed with water and formed into continuous sheets on the semi-commercial papermaking machine in the Bureau's experimental paper mill. River Raisin DIMENSIONAL DISPLAYS

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Gentlemen

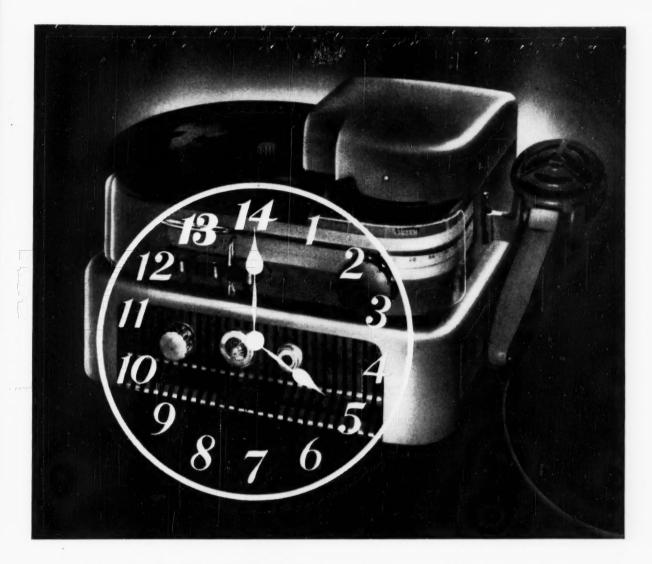
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DIVISION OF GREGORY INDUSTRIES, INC., LORAIN, OHIO

### LEADERSHIP

(Continued from page 33)

pants by submitting their ideas to challenging, thoughtful criticism by their equals. "Departmental" men are taught to seek an insight into the overall problem of the entire business.

Limitations: Trainees must be successful men of wide experience and sound judgment. Otherwise their analyses are likely to be superficial and their solutions impractical. On the other hand some high executives are reluctant to submit their ideas to thorough criticism and resent anything except agreement. Such men must be handled with so much caution that the method may be impractical.

Men brought up in the lecture, recitation, or textbook-with-answers tradition may be completely adrift in a discipline that demands analytical thinking but provides no answers and leads to no "best" solutions. The case study also may be criticized as being a piece-meal approach or lacking in focus, since it allows various men to present a variety of ideas and conclusions, but it avoids putting the whole problem together as the study ends.

Like rôle-playing and other off-thejob approaches, this one gives no assurance that classroom success will be duplicated in office, factory, or store. Men who understand a problem and frame an acceptable verbal solution still may not know what steps to take or how to take them in practise. Under the pressures of heavy work-loads, conflicting personalities, and loyalty to old methods, brilliant classroom analysts may fail in practical application.

### IOB ROTATION

This is one of the oldest forms of executive development. In it a man is moved from one position to another in order to increase his understanding of the business and his ability to make large-scale decisions. Sometimes the man is moved within the area of his specialty; sometimes outside it. Changes from assistant treasurer to assistant sales manager, from engineering to production, sales to advertising, or even from manufacturing into labor relations are common; changes from legal functions to plant management or from research to production are



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sometimes made in a rotation program.

Usually the rotations are made after the candidate has performed ably on one or more assignments and has shown promise of ability to make good at a higher level. Rotation may take place during the man's late twenties, his thirties, or even up to fifty-five.

Advantages: Rotation broadens an individual by exposing him to different problems, functions, and people. It brings new challenges and new interests to men who may have gotten into a rut or a routine pattern of action. It also improves jobs by putting them in the hands of new men with new ideas and abilities. Some experts say that any man has given his job his best creative attention during his first five years at it; thereafter it neither grows nor improves, but just gets done.

### Substitute for Promotion

Rotation meets the needs of keen and able people who are ready or almost ready for promotion at times when no appropriate vacancies exist. New experiences hold their interest and provide much the same challenge that would come in a promotion.

Rotation permits men to find the field in which they do best. This prevents two costly errors-the assumption that a man who does poorly in one position cannot perform well elsewhere, and the equally dangerous assumption that a man who makes good at one job will do as well at any other.

Limitations: Rotations upset established plans and operations. Rare is the executive who willingly endangers smooth daily operations by transfer-



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ring one successful man and trying another. But if there is such risk in upsetting routine daily operations according to plan is it not much more dangerous to appoint a new president, plant manager, or production director who has not proved himself by rotation?

### Too Much Change

Men are bored by change as well as stability if the former comes too often and without careful planning. Therefore rotations should be limited. Top management must make sure each man understands that rotation is a compliment to his past work and an investment in his future. Without preparation, some men interpret rotation to mean that they have not done well enough on their old job.

Employees suffer some insecurity when a new boss comes to them via rotation. If change of supervisor is too frequent, this loss of stable leadership is a serious one for the worker. Careful explanation of the reasons for the rotation helps to reduce employee anxiety.

### Conference Method

This is the most common method used in industrial training and executive development. An in-plant conference leader attempts to stimulate group discussion of a selected subject, such as the excess profits tax, advisable levels of inventory, scientific wage and salary administration, the company's promotional policies, upward communications, and so on. Sometimes emphasis is placed upon solving a particular problem, sometimes upon providing information about it.

Advantages: This is a relatively active way of learning with ample chance for participation by each member of every group. For this reason it appeals to people and secures ready co-operation. It appeals to practical men and to those of long experience who wish to talk about their experiences. It has the traditional approval of training men of long standard.

In some degree it makes it possible for anyone who is a skilled conference leader to teach almost anything, since the most common conference involves drawing of ideas from the trainees. As much as any other "group" method of teaching, this can deal with actual problems where decisions are reached

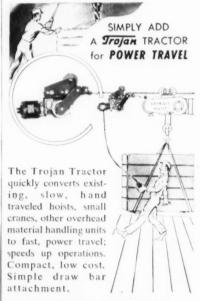


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and plans made to put them into effect. Decisions made are real "decisions with consequences"—the kind that presidents make and profit or suffer from.

Limitations: Conferences can be dominated easily, but sometimes not discernibly, by the highest-level executive present. It is also limited in that at least some of the conferees must be well informed about each subject. Otherwise the group is likely to pool ignorance or prejudice rather than knowledge and logic. Conferences sometimes are used to present information where lecturing or other means would be more appropriate.

### Once Over Lightly

Unless ably conducted, the conference may become a brush-over, never coming to grips with fundamentals or giving them adequate discussion. Care must also be taken to see that the problem being discussed is appropriate for the level discussing it. Men should not be asked to consider and reach conclusions on matters which are the proper concern of higher executives. In addition there is some claim that the conference method runs too often and easily into full emphasis on problem solving with little attention to development or training.

### MULTIPLE MANAGEMENT

The auxiliary, or junior board is a form of multiple management that seeks to develop executive ability while using it in the solution of practical problems. The board brings together a group of junior executives, each of whose daily work lies within a single department. They meet to locate and solve problems in any and all areas of the business; they are free to suggest new products, improved methods, new policies, or any detail that might improve operation.

When a member suggests a project which the Board accepts as significant, it sets up a committee to investigate and report. If this report proposes a sound course of action, a prospectus is prepared and submitted to the senior board of directors. If it approves, the junior board institutes action.

Advantages: The junior board develops strong feelings of responsibility and belonging among its members and young executives are broadened by con-



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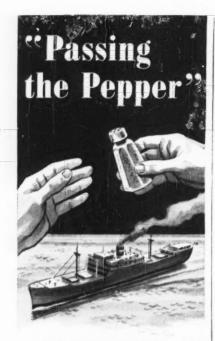
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tacts with others who represent different specialties and departments.

Board activities and their practical nature appeal to many men who resist academic approaches to development. They give executives who are specialists added opportunity for broad decision making and in taking responsibility for such decisions. Board activities are real, not make-believe exercises.

### Can Cause Problems

Limitations: The junior board can upset the smooth functional arrangement of the organization unless authority and responsibility of the junior board are made clear to and accepted by all executives. Success of the method also depends rather heavily on the board leader's ability. It requires a particularly strong leader. Individual growth is likely to be unplanned for, and may go unnoticed by the learner when it occurs.

RÔLE PLAYING

This is a group method which has been tried and proved in training of supervisors and executives. It calls for dramatization of plant and office situations, with certain participants playing the rôles and the rest acting as an audience of critics. Thus executives take the parts of men involved in situations that actually arise in the business -the retirement of a reluctant sales manager, the presentation (before a skeptical committee) of a research director's request for a large sum to develop a new product, or the reversal of a foreman's decision in a grievance case. Each man acts in terms of what he knows and says about management and human relations. Members of the audience criticize his efforts, thereby organizing their own ideas and increasing their understanding.

Advantages: Rôle playing is practical in that it deals with situations that arise over and over again. The method emphasizes doing, not telling how to do. It is excellent for men who can easily put things into words, but who are unable to act on their own advice. Rôle playing helps executives to see the other fellow's viewpoint by taking his place, speaking for him. At the same time, each player gains insight into his own strengths and weaknesses.

Leaders are helped to define prob-



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lems, determine all the factors involved, and weigh the effect of these factors. Human relations skills are taught by performance, thus applying theoretical knowledge to actual plant and office problems. Since their rôle playing is only practise, the errors the players make have no serious or lasting consequences. Criticism is more likely to be accepted by executives, since it comes from their peers.

Limitations: Rôle playing requires careful organization and expert leadership to protect the feelings and pride of players. Members of the group must be approximately equal in rank and their criticisms must be temperate.

### No Room for Fools

Initially some people resent implication of "play" activity. One director when invited to try it exclaimed, "I should get up there and make a fool of myself!" On the other hand, a company president urged, "Let me try it, I need this help before I make a fool of myself where it will cause real damage!"

Presence of people who observe and criticize makes rôle playing unavoidably artificial. In close-knit groups of friendly equals, however, this artificiality may be largely ignored. Finally, the "set" situations never exactly duplicate those that actually arise. Executives therefore must make appropriate modification when applying knowledge gained by this method.

### THE SYNDICATE SYSTEM

The Syndicate System was developed by Noel Hall while training executives at the Staff College, Henley-on-Thames, England. In this method a syndicate, or committee of nine, is established to make a thorough investigation into some broad and fundamental aspect of business, such as the use and effect of incentive systems or the compatability of Christian ethics and the profit motive.

The syndicate devotes several weeks to a full-time intensive study of the problem, reviewing the literature, calling in experts to testify, and visiting commercial houses or industries to observe their practises. Members then prepare a report and present it to the other executives attending the college, meeting in an all-day session. Analysis

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### when the Ballerina fell flat on her dignity

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of the report and defense or criticism of it then proceed in open forum.

Advantages: The syndicate method is exceptionally thorough. It trains participants to use observation and research methods, to employ consultants and other authorities, to select and utilize data, and to collaborate in investigation as well as in preparing reports. The presentation of the report provides experience in give-and-take communication.

Reports are well accepted and given serious consideration since they are knowingly proposed by practical-minded men. Participation in a syndicate also gives men status within their own organization. It is a device for training both the audience that listens and the syndicate that prepares and presents the report.

### Time and Guide

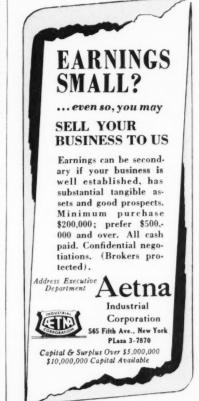
Limitations: The method is time consuming. It requires stimulation and guidance from someone well informed about sources of information and methods of investigation and presentation. The recommendations made are academic in the sense that the men on the syndicate do not have responsibility for the consequences of their findings as an executive has in his office.

Counseling

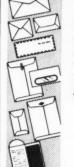
This is a service rendered by skilled counselors, either staff specialists or outside consultants, working outside the line organization. It is an individualized method wherein men with problems are free to talk over their affairs with skilled listeners who help get executives to see their problems clearly and the manner of their solution.

It is a method which helps provide insight into one's own behavior. Some companies use the service of consulting psychologists for this purpose, others have internal counselors.

Advantages: Counseling enables executives to secure help with personal problems involving home, children, themselves, their work, or their superiors. Counseling also can deal with internal business problems too delicate for executives to discuss with their superiors. This method also gets at problems involving jealousies, fears, personal ambitions, and relationships of one executive to another—problems



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121 VARICK STREET, NEW YORK 13, N. Y Algonquin 5-4530-1-2-3-4 that might otherwise be suppressed with serious results.

Counseling provides individualized help to meet highly individual needs. It is useful for complex, difficult problems that individuals must be skillfully led to see and solve for themselves.

Limitations: Counseling requires considerable skill on the part of the counselor. The method may be time consuming. It also frequently deals in confidences which are difficult to keep and dangerous to reveal. Some critics feel that counseling should be unnecessary if line executives are fully available and acceptable to subordinates who wish to confide in them.

### University of Pennsylvania

The Executive Conference on Coordination and Policy Formation at the Wharton School is a two-week series of lectures on various aspects of business management presented by business leaders and able college professors. The lectures deal primarily with functional aspects of business, with emphasis on prices, pricing, and co-ordination. Attention also is given to finance and money. The formal lectures precede group discussions.

### Special Course

The course is designed for top level executives only, and is especially valuable to men who are moving from supervision of a single function to general management.

Advantages: The fellowship and social contacts of group living stimulate learning. The emphasis on finance helps specialists in sales, manufacturing, research, and related fields. It is especially useful in broadening executives outlook and sympathy. One president said of a trainee, "I sent a controller and got back an executive."

Limitations: This program may permit less trainee participation than is required by experienced, successful executives. Also, the method is not particularly suited to improve upon fundamental personal habits of thought, feeling, and action.

### HARVARD UNIVERSITY

The Harvard Advanced Management Program is one highly developed version of the case method. It presents typical cases from sales, marketing, labor and human relations, administra-

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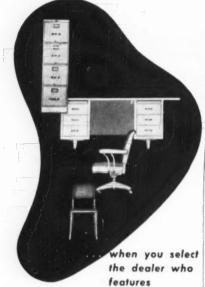
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tion, and finance, treating them according to the procedure described for the case method as a whole.

The course lasts for thirteen weeks, is offered in the Fall and again in the Spring, and is designed for seasoned executives who can capitalize upon its good points and escape most of its limitations.

Advantages: The prestige of a great university helps arouse the interest of mature, self-made, top-level executives—men who might otherwise resent "schooling." Executives from varied companies are able to share ideas and experiences. The Harvard program attacks, with delicacy and subtlety, deep-seated biases, thought patterns, and personal traits which are not touched in many other programs.

### Looking Inward

The social responsibilities of business are effectively emphasized. The program also teaches men to isolate and solve problems without props or "ponies." In doing this they learn from themselves and examine their own lifelong habits of thinking and feeling—all under the guidance of mature and exceptionally skillful teachers.

Limitations: Since there is no pressure to perform, some men loaf through the course. Others are lost and accomplish little. Some students are unable to accept responsibility for their learning; to the end of the course they demand to be told. Some cannot accept the thesis that there are no simple or best answers. They insist that the professors should know and reveal correct solutions, or at least tell what are "good" and what are not. To achieve its ends, the program is long. It out-



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### Condensed Annual Statement

as on 30th November, 1951

### ASSETS

Cash, checks and balances with other banks  Government and other public securities, not exceeding	\$ 488,057,439. <b>27</b>
market value	966,599,447.51
Other securities, not exceeding market value,	112,814,278.72
Call loans	57,127,893.68
Other loans and discounts	790, 892,934.40
Liabilities of customers under letters of credit	73,925,750.72
Other assets	26,227,464.38
	\$2,515,645,208.68

### LIABILITIES

Capital, reserve and undivided profits	\$ 89,633,371.69
Notes in circulation.	
Deposits	
Letters of credit outstanding	73,925,750.72
Other liabilities	1,615,751.06
	\$2,515,645,208.68

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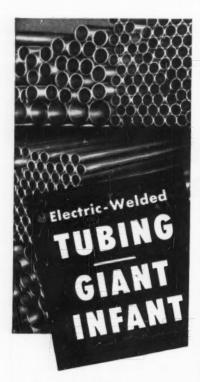
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The high production, fine quality and low cost of tubing made on Yoder mills made this phenomenal growth possible. Yet the demand is still in its infancy, total production still so far behind the supply that tube manufacture now offers better, greater opportunities than ever before.

By recent important improvements in the Yoder tube welder, production has been stepped up as much as 60% without increased labor, power or maintenance cost. Literature, consultations, estimates, for the asking.

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lasts the patience and interest of some business men and the periods others can take from their work.

Many readers may want an illustration of the development activities carried on in one company. In Johnson & Johnson executive development is a continuous thing accomplished most fully through each executive's work with his subordinate-Guided Experience-but supplemented by other development activities. The full program of supplementary activities has developed slowly, each activity being intensified or dropped depending on need for it and values returned. Among the activities which support the fundamental and primary day-to-day guided experience are the following:

### What's Being Done

REVIEW OF ECONOMIC CONDITIONS: This is a bi-monthly review of economic conditions, provided by the Econometrics Institute. One of their executives reviews business conditions with emphasis on textiles and rubber and those areas of most interest to the company, although he covers general economic trends too. Board members and those who report to them attend.

MULTIPLE MANAGEMENT: In three of our companies we have an Auxiliary Board somewhat like that of McCormick & Company, Inc. In one company, four members of the present Board of Directors were promoted to their positions from the Auxiliary Board.

Rôle Playing: A rôle playing program has been given for the board of directors of Ortho Pharmaceutical, for plant superintendents in Johnson & Johnson, and for executives in Ethicon Suture. We are encouraging further use of this device.

Case Studies: Four series of case studies were offered in the company for major executives. Two sessions were led by professors from Harvard and Northwestern. One affiliated company has offered a similar program to middle management and our training director has started another program in our engineering division.

EVENING DINNER MEETINGS: This is an arrangement of regular dinner meetings for board members, directors, vice-presidents, and the echelon directly beneath them. Some of the speakers



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Sault Ste. Marie Citizens' Industrial Commission

SAULT STE. MARIE, MICHIGAN and their subjects have been Sumner Slichter on the dearth of venture capital; Dr. Marcus Nadler on economic conditions; John Pleasants, Vice-President of Procter and Gamble, on guaranteed employment; Theodore Distler, President of Franklin and Marshall College, on citizenship; Peter Drucker and Russell Davenport on human relations; and Robert Nathan and Ewan Clague on economics.

Specialized Conferences: Each year Johnson & Johnson holds specialized conferences lasting two or three days for personnel directors, controllers, material handling specialists, production and sales specialists, and other professional or technical men from the subsidiaries.

### Back to School

HARVARD ADVANCED MANAGEMENT COURSE: We have had seven men in four sessions of this course. Up to now, entries include three board members and four others who are Works' Managers or other major executives. In addition, we have used a similar course at the University of Western Ontario and at Northwestern University.

Wharton School of Finance: We have enrolled eight executives, including a president and four vice-presidents and other seasoned executives in the course in executive management being given each Summer at the Wharton School of Finance, University of Pennsylvania. Our Vice-Chairman of the Board took an active part in establishing this course.

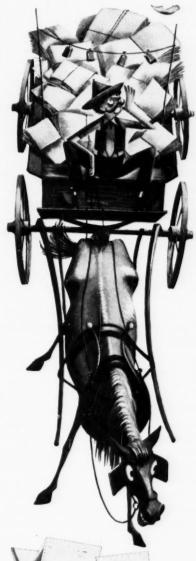
READING: A seventeen-hour course in improvement of reading speed has been offered. It involves group and individual instructions for executives burdened with heavy reading loads. The course, designed to improve speed and comprehension, relies upon the Science Research Associates Reading Accelerator, and the Harvard Reading Films and Teaching Aids. It has almost doubled reading speed with no loss of comprehension.

Conference Leadership: We have a ten-hour course in Conference Leadership which is considered fundamental for our executives. It has been asked for and given to boards of directors, to office executives, to plant superintendents, and others.

Public Speaking: Over one hundred

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executives have taken a 60-hour course in public speaking. Professors of speech from New York University, Columbia, Rutgers, and other metropolitan universities join operating business men in teaching it.

IN-PLANT CONFERENCES: Recently we decided that communications was one of our major problems. We started with the executive committee of the board and came down through the board of the parent company to the boards of all subsidiaries with a series of conferences designed to review and improve communications. In another series of conferences, most of our major executives devoted 20 hours to the study of interviewing techniques.

### For Personal Interests

Another series of conferences has been offered on financial investment. These dealt with the way money was raised, stock issued, and profit made. It also gave individual financial guidance to executives who might wish to invest in property, insurance, stocks, or bonds.

PSYCHIATRIC GROUP STUDY: A vicepresident in charge of production asked for a course in human motivation for his superintendents and works' managers. A psychiatrist from the Cornell School of Industrial and Labor Relations prepared and conducted the course in which executives tried to get a better understanding of themselves and each other.

OUT-OF-PLANT CONFERENCES: Recently one of our executive committee members arranged at Skytop in the Poconos a four-day program for merchandising executives of all companies. Drs. Burley, Cox, and Fisher from the Wharton School and a vice-president from a major distributing firm provided the instruction. Last year our presidents met for a day under the guidance of Lawrence Appley, President of the American Management Association, and Professor Hower of Harvard to discuss executive traits and qualifications and how to measure them

SHORT COURSES, SEMINARS, SCHOOL, AND COLLEGE PROGRAMS: Some of our personnel directors have attended a sixweek Summer session in personnel administration at the School of Industrial and Labor Relations at Cornell. We





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have sent men to the University of Wisconsin's Industrial Management Institutes, to the R.P.I. Seminars, and Princeton Conferences. We have had a Sloan Fellow studying at M.I.T. and have used Professor Juran's Executive Round Table at New York University.

Several of our Chicago executives are taking advanced degrees in Administration in the University of Chicago's evening program. During the past two years there have been, under a tuition refund plan, 280 course completions at Rutgers University. We actively participate in American Management Association conferences and those of the National Industrial Conference Board.

### For Further Development

JOB ROTATION: We are encouraging job rotation where feasible. It has been tried in office and production. The moves are made with the idea of broadening and strengthening experience.

COUNSELING: A great deal of Executive Development is done through individual counseling—counseling on personal problems which leads easily into general development of the individuals involved.

No executive, of course, participates in all of these activities—with the assistance of his superior he chooses those of most value to him. These activities only supplement the day-to-day contacts, coaching, and Guided Experience which goes on constantly. In line with Johnson & Johnson's decentralized family of companies there is no required company-wide "program." Instead each company is encouraged both to participate in established activities and to undertake whatever additional development work it chooses.

Carefully planned and systematically directed executive development is inevitable, eventually, for all American business. Those companies providing it now will develop better and better leaders for themselves, thus enjoying a real competitive advantage. To undertake executive development requires only a belief in its importance and value, a familiarity with methods, and a willingness to place executive personnel and their needs in the highest category of priority.

Most businesses to-day, and most business executives, are so strong and able as to stand for and profit from the

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most frank appraisal of themselves and their business operations. There is no more healthy sign for America than the earnestness with which business leaders are searching for criticism, for new viewpoints with regard to themselves as leaders and their business methods.

Executive development programs require this willingness to face critical analysis, and a friendliness toward self-improvement that would be welcomed only in a sound and mature institution. For that reason, formal executive development programs are now possible, timely, and profitable.

The following bibliography, compiled by the authors, is provided for those wishing to pursue this subject further.

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### BRIDGEPORT

(Continued from page 29)

bids would justify doing so, or to allow the small business to sublet a portion of a contract when it does not have facilities for the complete job. This contrasts with the practise of giving contracts to big companies who will subsequently have to sublet large portions to subcontractors who are not vet selected.

Small businesses are definitely handicapped by their more limited facilities when it comes to bidding on defense contracts. In the opinion of several manufacturers, both large and small, small businesses are often automatically ruled out by specifications that are overdrawn in relation to the intended use.

However, they should not be bypassed merely because their list of facilities is not so long as another's. As one manufacturer pointed out: When a large company submits a complete list of its facilities with a bid, many of them may be already in production and available facilities may be no greater than the small company's.

The answer most often suggested for this problem is better inspection by the Government. Many small businesses have had difficulty getting their plant inspected in order to qualify for defense contracts. One concern, on the borderline between big business and small business, provides office space to a resident inspector right in its building. Other companies are not so fortunate. Paradoxically, some manufacturers stated that they had lost contracts to inept low bidders who would not have gotten the contract if they had been adequately inspected before-hand.

After a prime contract has been landed there are still headaches-the principal one being materials. Under the present program, a manufacturer seldom has all the necessary materials on hand and must wait for his contract allotments before ordering materials.

This has not been so galling to business men as the obstinate refusal of Government officers to accept this as an adequate reason for failure to meet the delivery schedule. Bureaucratic inefficiencies at the buying offices do not ease the situation. A manufacturer, finding that his allotments could not be filled, applied for authorization to use a different quality steel which he hap

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GENERAL RINDING CORPORATION Dept. DR-2, 808 W. Belmont Ave. Chicago 14, III. pened to have on hand. Four months later this authority was granted.

Miscellaneous hazards of prime contracting include problems in financing, record keeping, and long-range planning. The majority of small concerns who wish to convert to defense work have recently been operating at or close to a loss because of material restrictions, and their working capital is impaired. Because of the nature of Government contracts and the costs of converting, they need outside financing, but this is often hard to get.

### The Consensus

Both large and small companies believed that the small business was better off sub-contracting because accounting, production records, and inspection required on Government contracts were so much more elaborate than in the normal supplier-customer relationship.

Finally, some small manufacturers feel more secure doing sub-contracting for large companies who, they hope, will become steady customers. A typical manufacturer observed that, although the major part of his capital investment was devoted to a military item, no Government representative had ever visited him to discuss future production planning.

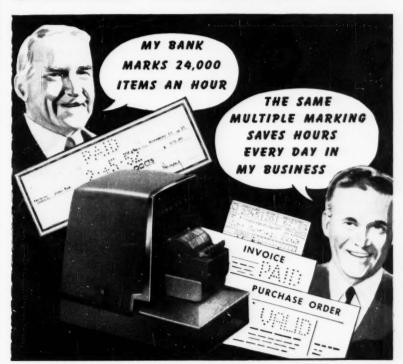
Furthermore, he knew that the Government would remain a customer only as long as he was low bidder. A business in this position is vulnerable to competition from concerns that are so desperate for materials that they will bid at less than cost in order to maintain production and cover fixed costs.

While Government buyers are authorized to pay a price differential when



"Then you'd be inclined to say I wouldn't do as a salesman—even under to-day's conditions?"

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it is "in the public interest," such as to spread the base or to retain in operation an existing small business, it is quite a problem to choose between the concern that is all tooled up and the concern that must get the contract or go out of business.

This desperate need for any work at all by so many small businesses also shows up in the high competition for sub-contracting work. Strong selling is more important than ever for these concerns, but even the best salesmanship will not preclude all of the following complaints which were encountered during the survey.

### Sub-Contract Problems

Sub-contracting opportunities are difficult to locate for a variety of reasons. The contract award information released weekly by the Department of Commerce was fairly complete and useful at first. But early in 1951 most of its information was deleted for security reasons—only to appear a week later in a Department of Labor release when it lacked timeliness.

Government buying offices have also been accused of tardiness in passing this information along. In general, however, business men felt that contract award information has shown some improvement recently, and most of them consulted it regularly and found it useful.

Small businesses have management limitations that restrict their opportunities for getting sub-contracts. In many instances, where concerns are idle due to materials shortages, they have only their organization and manpower to offer to the prime contractor and depend on him to provide materials, machinery, and technical supervision. Short of all-out war, most large companies are not prepared to take on such a job.

In the opinion of several sub-contract seekers, prime contractors are playing favorites. This boils down to the fact that many businesses that have become prime contractors are using the same sources for tools and parts which they normally used for civilian production.

Because their services are considered essential, they are not faced with the materials restrictions that are forcing other businesses to look for work in the defense field. Many of the prime





contractors with established sources are scouting around for potential sub-contractors in case all-out war production should occur.

Small manufacturers also felt that prime contractors displayed the same reluctance as Government buyers to split up a sub-contract among two or more small firms. Naturally, prime contractors do not want to jeopardize their own production schedule for want of a nail. As long as the present partial mobilization exists and they are in a position to be selective, they may be expected to place sub-contracts in the manner most convenient for their own operations.

### Co-operative Efforts

To help small businesses overcome the handicap of limited facilities, both in sub-contracting and prime contracting, the DPA has published a booklet, *Pooling Production for Defense*. It was recommended by the Senate Small Business Committee as a worthwhile starting point for those interested in the possibility.

Production pools are designed to enable small businesses of diverse capacities to pool their talents and take contracts as a unit, then farm out the work among themselves. During World War II, 32 such pools were formally certified by the Smaller War Plants Corporation and a production pool in Bridgeport is waiting certification by the NPA.

There are certain drawbacks to the production pool, such as limitation on independent initiative, which caused some business men who were interviewed to hesitate to join.

A few small business men mentioned the Small Defense Plants Administration, recently established, and expressed their optimism that it would be a big help in championing their cause.

Some sub-contractors with World War II experience were already concerned over future renegotiation possibilities. As a machine tool builder put it: His product is subject to renegotiation to the extent that it is used by his customer on Government contracts, but the burden of proof is on him to establish this percentage. In his view, sub-contractors should be exempt from renegotiation procedures. As it is, sub-contractors and the Renegotiation Board

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may be in for prolonged wrangles.

The small business man is at a disadvantage in competing with large companies for the limited supply of skilled labor. The wages he can offer his employees are frozen, but because there is no job freeze, his employees are free to take higher paying jobs elsewhere.

In cases where idle plants, are being reopened to do defense work, skilled workers are being attracted by high wages and the cost of training unskilled workers may even be figured into the Government contract. All of this puts the small business at a considerable disadvantage.

A small manufacturer stated that several sub-contracts were undertaken by his company only with an eye to future business because they were for such small quantities that they hardly justified the tooling-up cost. At the time this additional business had not vet been forthcoming.

### Materially Affected

These problems for the majority of small businesses are part and parcel with those of getting defense work. Their use of materials has been restricted drastically and in February will be cut further; to 10 per cent of normal consumption for many of them. They are told to get defense work and they will get materials, but they are unable to get this work.

They reason that if the materials are available for defense work and the work is not given out, then the same materials should be made available for non-defense work. Either that, or there just isn't enough defense work or materials to go around, and an inevitable percentage will have to shut down.

The presence of an apparently abundant supply of steel in the black market aggravates the small business man's dilemma. He cannot get these materials at mill prices, but cannot afford to pay the black market price.

The NPA recently stated that black market steel derived from limited imports and scrap, is second grade, and exists only in insignificant amounts. On the other hand, Senate investigations have shown that some steel is going into what must presumably be a 'gray" market through legal but unethical channels.

A few business men believed that



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materials and price controls were alone responsible for this situation and that an open market would have achieved an equitable distribution with only minor dislocations. One went so far as to claim that controls were breeding a generation of petty criminals in business, since it is impossible to obey every regulation that comes out and still remain in operation.

The efficiency with which Government controls are administered brought out a variety of observations. Some praised the Government agencies for their sincere efforts to run things smoothly, while others condemned them for not being able to. Inefficiency was attributed separately to both the top level planners and the lower echelon executors.

### A Lack of Balance

One business man stated that his use of one raw material was being restricted in a disproportionate manner to another. Although he had adequate amounts of steel, restrictions on the use of brass for fittings prevented him from using steel up to his allotment. Another had all the chromium he needed for plating purposes, but could not get enough nickel to use for a base.

Another reason small concerns have found the allotment system unsatisfactory is that it allows MRO ratings (for maintenance, repairs, and operating supplies) which just about everyone is authorized to use. Consequently, their value has deflated to the point where they are practically worthless.

At Congressional hearings, the materials problem was most frequently mentioned. Because most of this testimony was given before the Controlled Materials Plan went into effect, several concerns who had previously testified were later asked whether they had been afforded any relief.

The Plume & Atwood Manufacturing Company normally employs about 800 persons in its factory in Waterbury and rolling mills in Thomaston. Last April it was unable to maintain production under current brass restrictions contained in NPA order M-12, nor was it able to obtain defense work despite intensive efforts. It was obliged to lay off 300 employees. Then, NPA order M47-A was released which permitted this plant to order approximately 60 per



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cent of the materials it previously used.

After waiting three months for this material to come in—since its previous supply was by then exhausted—and recruiting back additional labor; it learned that order M47-A was only a transitional order preceding the Controlled Materials Plan. Quarterly allotments since CMP became effective have been successively reduced, and this company faces a cut to 10 per cent of its former usage in the first quarter of 1952.

The Viscol Company, in Bridgeport, employs a small number of persons in making a leather waterproofing compound. This company was taken over and resuscitated by new management in July 1950 only to have its use of tin containers restricted to 90 per cent of the old management's limited output.

### Congressional Help

By enlisting the support of several members of Congress in its application to the NPA, this company will be able to increase production by 30 per cent in 1952. But the delay has meant considerable losses during 1951.

The Dubin Heating & Cooling Company in Hartford contracts for the installation of heating and air conditioning equipment, and normally employs a small force of four engineers and four workmen, plus the office staff. Last Spring it was unable to get enough galvanized sheet metal to maintain minimum operations.

By going directly to the presidents of several steel mills, this concern had previously cajoled five carloads of steel



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Tarco Better Business Forms, Binders and Co-ordinated Filing Equipment since 1912 322 W. Superior St., Chicago 10, Illinois New York . Konsos City . Indianapolis . Tulsa Wichita . Washington on a "one-shot" basis, but that steel had long since been used up. Since then it has had no success in getting additional materials.

Right now it has priorities for 300,000 pounds of galvanized steel, but has been able to obtain only 1,000 pounds. Efforts to combine with other small engineering outfits to get defense work have been equally unsuccessful.

These three concerns, and others, were also asked to express their opinions of the value of Congressional hearings. Aside from the emotional satisfaction of blowing off steam which they afforded, the hearings do not seem to have accomplished much of concrete value. Two independent replies stated that the chief value of the hearings was the intangible one of acquainting elected representatives at first hand with the problems of their constituents. But, as a rule, no favorable action was reported for the individual concern or small business in general.

The problems presented here are familiar ones to most readers. Government lawmakers and administrators are conscious of their difficulties and are constantly striving to correct hardships. But the evidence to date indicates that the defense program has caused many small businesses to suffer material damage from events they could neither have foreseen or circumvented.

### TAX BURDEN

(Continued from page 31)

purposes. Many tax attorneys and public accountants feel their services would be more valuable if they maintained closer and more continuous contact with the company's tax problems.

Much of the communication to effect tax administration in the conduct of business is necessarily informal. Some of the companies visited by Professor Vatter's interviewers, have adopted specific devices to promote tax-consciousness without undue formality.

One firm has a "junior board of directors" which meets with the controller and other major executives. Tax IN THE FULL SENSE
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administration is one of the issues that comes up regularly. Another holds regular meetings of supervisors in various divisions, at which tax angles can be explained, as well as the reasons for certain formal procedures, company policies, and other decisions involving taxes.

Bulletin boards, annual reports, even special presentations to union representatives, are included in the methods of promoting tax consciousness that are itemized in the Foundation study. Their objective is to foster an openminded attitude toward tax administration. Obviously, only when individuals are aware of the impact of taxation can they be interested in doing something about it—a goal toward which one firm is striving by stressing the employees' own tax burden.

### For Good Results

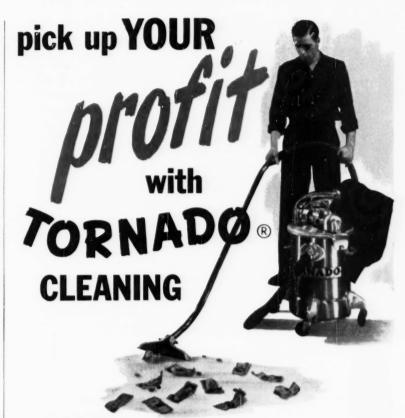
When the tax effect of a transaction is considered as a part of a well integrated executive system, results are likely to be good. In one case experience noted, the company president requires a report in advance on all expenditures exceeding \$250, and the tax man is given an opportunity in the process to inject any tax considerations.

In another instance, the president of the firm holds a meeting each Monday morning with his top executives at which the past week's operations are reviewed and plans for the future discussed. This gives the controller a chance to point out tax implications in any proposed action.

In a third instance, all important company problems are discussed before an executive committee. The agenda is submitted in advance to the controller and the tax man to enable them to confer with anyone making a proposal that has important tax aspects. If they cannot reach a satisfactory conclusion, they address a memo to the committee. They are also given copies of the

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minutes to show what has transpired.

Still another company requires the operating management to submit papers on such things as the acquisition and retirement of assets, leases, advertising, travel expenses, gratis merchandise, and the like, to the controller, who studies them for tax effects.

It is often impossible to study a transaction as thoroughly as one would like before it takes place. If the situation is such that it may arise again, a review has value even though the opportunity has passed to deal correctly with the current transaction. One firm has developed the practise of having its tax men review major decisions in the light of tax effects to see if they could have been handled more wisely. This has helped over a period of time to guide day-to-day procedures.

### Pre-Checking Decisions

Other cases were encountered where the controller's division reviews management decisions, before they are carried out, to check for possible mistakes. If a decision is undesirable from a tax viewpoint, the controller states his reasons, whereupon the decision may be revoked or reconsidered.

In many smaller companies which lack trained tax men, outside attorneys or tax accountants are often called upon for advice. Several instances were found in which the tax advisors serve informally as members of a "management committee," and function as the controller or tax man would in a management meeting of a large company. Thus, a small business is able to afford at least a part of the advantages of tax advice available to the larger companies.

The Foundation's research also bore additional fruit in the form of a detailed plan of organization for tax administration by describing the function and objectives of a tax manager and enumerating his major duties and responsibilities. His limits of authority and relations with others are also set forth in detail. In addition, organization charts are provided to show some of the ways in which the function of tax administration is set up in relation to other divisions of the firm.

Thus if adequate provision is made for spotting tax problems before they reach maturity, sources of advice may be used oftener and be of greater value.

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### WASTE

(Continued from page 26)

what a colossal amount of waste this philosophy and practise can breed.

What about time wasted by workers? Can anybody influence workers to make more productive use of their time on the job? The plan of wage incentive payment has worked out well on this score. The productivity of incentive payment workers averages 35 to 50 per cent higher than workers who are paid by the hour without incentive.

Under the incentive wage program the worker increases his earnings and can set his achievement according to his ability. The program is a good thing for the producer because it helps lower the unit cost of production. Consumers benefit through an increased supply of commodities which support higher standards of living.

However, incentive wage programs are not the only way to meet the problem of excessive waste time. Foremen can be key men when it comes to the reduction of this kind of waste. Others may devise plans for increasing workers' efficiency to the workers' own advantage, but before these plans can gain ground against waste, they must first be put to work in the practical world foremen inhabit.

It takes leadership in supervision before workers put their hearts as well as their hands into their work. Next to the man doing the job, the foreman is in the best position to see opportunities for improvement, to observe waste and how it is created, to notice defective material and what causes it, to detect bottlenecks that delay service to customers.

If a company is fortunate in selecting qualified supervisory personnel, it is possible that all its foremen may be equally adept at cutting down waste time by these methods. Yet, there is another effective way to attack the problem of waste time that all foremen may not be expected to use with equal success. That is, the rôle of supervision in helping to develop sound attitudes of workers toward their jobs.

To do a good job here foremen must become, in effect, practising psychologists. They are dealing with the spirit and motivation of men. To do this successfully requires a deep insight into

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human nature. In order to inspire others foremen must first be convinced, themselves, that the course they advocate has merit.

Inspiration rises from the foreman and catches on among his group. What other explanation is there for a not uncommon occurrence where the productivity of one foreman's shift may be as much as 20 or 25 per cent more than the following shift?

### Toward Better Attitudes

Attitudes are the results of things said and done, or things unsaid and undone, which supervision can control. Before we can hope to improve the attitude workers bring to their jobs, supervisory personnel should first look to their own administration. Are they being fair and honest? Are disciplinary measures consistent with a uniform program?

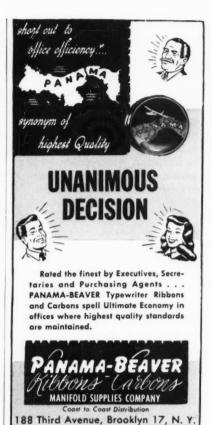
If the answer is, "Yes," supervisors earn the respect of workers. Workers start on time, stay on their jobs until quitting time, and do not cheat on lunch periods. Good foremen are on the job with their workers until the end of the shift. They are not in offices or at desks waiting for the bell to ring.

A foreman who understands this approach to the waste time problem knows how to supervise workers in such a way that they may be directed without friction and with utmost accomplishment. Foremen should know and understand that employers and employees share the same basic interests in the continuing success of the business and in keeping our economic system free.

It should be clear to them that all employed in industry should work as a team to produce more and more useful goods. In the interests of national survival, all in industry must come to realize that it is productivity that turns the American dream into the great American reality.

Those are some of the ways that have been tried to cut down the waste of

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human resources in industry and to inspire its people to greater productivity. But, there are other kinds of waste we have tried to reduce.

These are the wastes caused by inefficient methods that may be followed in management, in manufacturing, and in all other operations of the business. These waste leakages are not so easily detected as is the flagrant waste of human resources resulting from injuries or deliberate slow-downs.

### Million-Dollar Rewards

The most intense, most rewarding effort ever made in the war on this type of waste took place within a 60-day period during the Spring of 1948. Over 13,000 suggestions for waste reduction were submitted by employees during a "Wipe Out Waste" campaign. These suggestions have saved approximately \$450,000 yearly since that time.

The B. F. Goodrich year-round suggestion system is in its 35th year. By providing a channel for the direct worker to tell how waste can be reduced on his job, and making it worth his effort, it is estimated that suggestions adopted by the company in the past five years have resulted in annual savings of more than \$1.5 million.

Good industrial housekeeping is considered a many-bladed weapon against waste. It results in better fire and accident prevention. It attacks waste directly by focusing attention on misuse of floor space, poor layout, improper building maintenance, inadequate lighting and ventilation, poor inven-



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tory control, defective waste, and inefficient storage of materials.

As we use the term, good housekeeping means good management in handling buildings, machines, and equipment: materials and supplies: work in process, finished products, and various other services. All departments are rated on the maintenance of orderly and clean property in accordance with a list of general specifications. Machines, equipment, and storage are kept in alinement. Like articles or shapes are kept in the same group. Machines and equipment are clean at all times. Walls and ceilings are clear of unused appendages. Floors are clear, aisles painted, and safety equipment and passages unobstructed.

### Save the Pieces

In spite of all the company's efforts to wipe out waste, waste still persists. That is why a salvage department is maintained. The company wants to make sure that it does not waste its waste.

Salvage is big business at B. F. Goodrich. In a typical year the sale of useable scrap may approach a million dollars. An average of more than two million pounds of saleable scrap passes through the salvage department every month of the year.

The salvage department is in business to make a wise disposal of our waste. We lose two ways whenever material is routed through the waste disposal department rather than the salvage department. If we dump the material as unsaleable waste, we lose whatever value the scrap might have had to a potential buyer. Besides, we must pay for handling and transportation to the dump.

Just as the meat packer sells everything but the squeal, we in the rubber industry sell everything but the bounce in disposing of saleable scrap.

A reduction of the waste of human resources has been tried through an improved accident prevention program. It has tried to increase individual productivity through fair and honest supervision and inspirational leadership. It has tried to find better methods. It has tried to reduce waste by setting up and rigidly adhering to standard operating procedures, good industrial housekeeping habits, and

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W. H. ESCOTT CO., LTD., 129 McDermot Ave., Winnipeg, Man. Groceries, hardware, drugs, etc. Cover all Canada.

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### OF NEW YORK

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67 Branches in Greater New York

55 Branches Overseas



Statement of Condition as of December 31, 1951

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Ba	n	k	S					

Cash, Gold and Due from Banks	\$1,461,560,755
United States Government Obligations	1,585,733,526
Obligations of Other Federal Agencies	25,856,463
State and Municipal Securities	510,347,675
Other Securities	106,839,994
Loans and Discounts	2,088,757,343
Real Estate Loans and Securities	28,102,101
Customers' Liability for Acceptances	29,919,003
Stock in Federal Reserve Bank	9,000,000
Ownership of International Banking	
Corporation	7,000,000
Bank Premises	29,162,719
Items in Transit with Branches	24,863,064
Other Assets	2,721,022
Total	\$5,909,863,665
LIABILITIES	
Deposits	\$5,442,946,549
Liability on Acceptances and Bills. \$44,567,139 Less: Own Acceptances in Port-	*-,
folio	31,574,858
Due to Foreign Central Banks	11,538,800
Reserves for:	
Unearned Discount and Other Unearned	
Income	19,178,611
Interest, Taxes, Other Accrued Expenses, etc.	36,366,874
Dividend	3,312,000
Capital\$144,000,000 (7,200,000 Shares—\$20 Par)	
Surplus	
Undivided Profits 64,945,973	364,945,973

Figures of Overseas Branches are as of December 23, 1951. \$357,619,275 of United States Government Obligations and \$12,105,600 of other assets are deposited to secure \$271,854,693 of Public and Trust Deposits

Total.....

and for other purposes required or permitted by law. (Member Federal Deposit Insurance Corporation)

Affiliate of The National City Bank of New York for separate administration of trust functions

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We shall be glad to send a complete copy of the 1951 "Report to Shareholders" of THE NATIONAL CITY BANK OF NEW YORK and the CITY BANK FARMERS TRUST COMPANY to anyone who requests it.

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# Statement of Condition

**DECEMBER 31, 1951** 

### Resources

Cash on Hand and in Banks	5	257,271,573.05
U. S. Government Obligations		320,018,460.05
State, County, and Municipal Bonds		47,998,230.42
Other Bonds and Securities		12,258,128.71
Stock in Federal Reserve Bank		1,211,150.00
Loans and Discounts		502,788,482.23
Bank Premises and Equipment		10,005,337.20
Other Real Estate		1.00
Customers' Liability under Letters of Credit		t
and Acceptances		17,440,762.81
Accrued Interest Receivable and Other Assets		5,666,229.18
Total Resources	Si	,174,658,354.65

### Liabilities

Deposits		\$1,094,400,071.70
Letters of Credit and Acco	17,829,214.56	
Reserve for Unearned Disc	4,538,201.27	
Reserve for Interest, Taxes	5,367,435.65	
Other Liabilities		2,129,335.02
Capital Stock		
Preferred	\$ 5,758,850.00	
Common	12,461,760.00	
Surplus	22,150,810.00	
Undivided Profits	10,022,676.45	
		50,394.096.45
Total Liabilities		\$1,174,658,354.65

United States Government and other securities carried at \$130,309,310.76 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

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sound salvage practises. It has turned to all men and women for suggestions to wipe out waste and has found there a veritable gold mine of ideas.

Yet, waste continues to be one of our biggest problems. Waste is a hardy, elusive target. About the only thing we know for certain about waste is that everybody in industry contributes something to its total. We are fighting waste with everything we have; technical, staff, production, engineering, and service employees-all are members of a team that work together to defeat waste.

## DUN'S REVIEW

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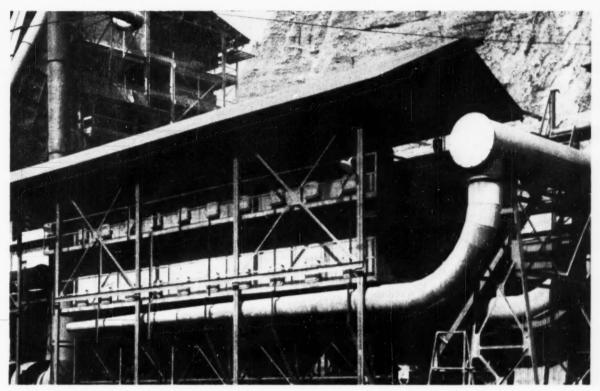
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CIRCULATION RECORDS ..... Bertha Lewis

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- ● Mone Departure breakdowns of those data originally compiled by the publishers appear monthly in Dux's Statistical Review, largely in tabular form, \$2 a year, \$2.50 outside of the United States. These data include business failures, bank clearings, building permits, price indexes, and regional trade information; they are summarized and interpreted each month in Dux's Review (see pages 36. 84.84 and 47).

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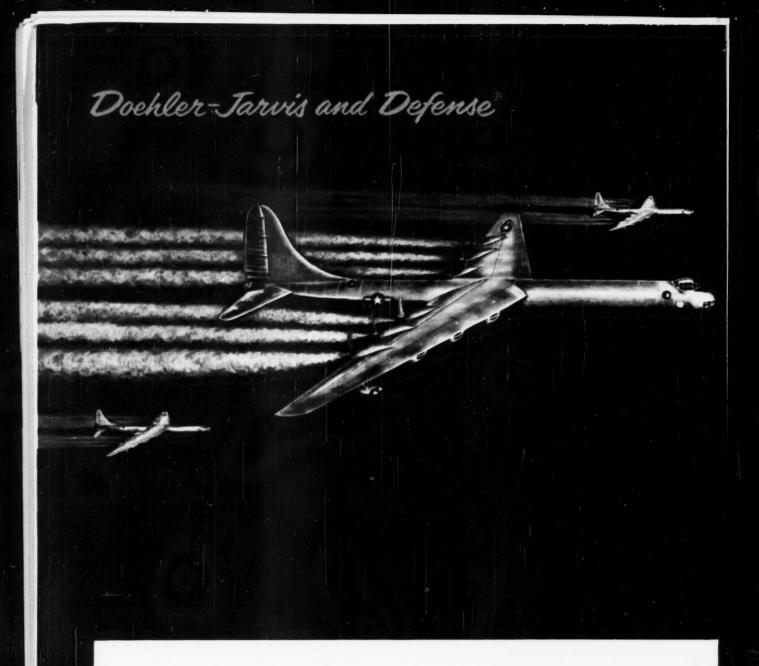
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